

WYOMING

Harold T. Duffy to be postmaster at Wheatland, Wyo., in place of H. T. Duffy. Incumbent's commission expires December 18, 1926.

Percy G. Matthews to be postmaster at Evanston, Wyo., in place of P. G. Matthews. Incumbent's commission expires December 30, 1926.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 16 (legislative day of December 15), 1926

REGISTER OF LAND OFFICE

Henry A. Morgan to be register of the land office at Phoenix, Ariz.

POSTMASTERS

IOWA

Anna Reardon, Auburn.
Hazel N. Chapman, Bagley.
Arden W. Keeney, Carlisle.
Frank K. Hahn, Cedar Rapids.
George C. Lloyd, Dallas Center.
Otto W. Bierkamp, Durant.
Albert Lille, Lake View.
Laura H. Martin, Marathon.
Milton G. Irwin Merrill.
Harry J. Perrin, Monroe.
George W. Kennedy, Montrose.
Leona S. Bush, Merville.
Charles S. Walling, Oskaloosa.
Leslie H. Bell, Paullina.
Frank J. Shearer, Prairie City.
Anna N. Dixon, Rock Valley.
Anna M. Beck, Solon.
Harry McCall, Washington.
Cecil E. Wherry, Wyoming.

MARYLAND

Minnie E. Keefauver, Berwyn.
Le Roy T. Mankin, Camp Meade.
Walter W. Flanigan, Deer Park.
Kenneth E. Smith, Keymar.
Arthur S. Calhoun, Parkton.
Lawrence M. Taylor, Perryman.
Mary C. Worley, Riverdale.
Joseph H. Lamon, Severna Park.
William H. Condiff, Solomons.
Harry M. Kimmey, Westminster.

MISSISSIPPI

Melzar J. Nye, Carrollton.
Frances H. Cooke, Coffeeville.
Neppie R. Lockwood, Crystal Springs.
Sibyl Q. Stratton, Liberty.
Lollie B. Summers, Logtown.
Albert P. Wilson, Monticello.
Marvin S. McNair, Mount Olive.
Harry D. Hale, Natchez.
Buelah J. Smith, Piave.
Nellie E. Hardy, Piney Woods.
Alfred L. King, Vance.

NEBRASKA

Louis R. Eby, Hartington.

NEW JERSEY

Alfred O. Kossow, Cedargrove.
Samuel Munyan, Gibbstown.

NEW MEXICO

Warren H. Orcutt, Deming.
Ernest U. Scott, Grenville.
H. Emory Davis, Los Lunas.
Lorna Johnson, Springer.

NORTH DAKOTA

Anfin Qualey, Aneta.
Clifford L. Colwell, Berlin.
Carrie Isaacs, Buchanan.
Fred A. Scott, Devils Lake.
August M. Bruschwein, Driscoll.
Ivah M. Shuley, Edinburg.
Mabel Dickinson, Fullerton.
Frank C. Rypka, Heaton.
David J. Holt, La Moure.
Carl O. Harr, Martin.
Benjamin J. Schnedar, Pisek.
Elvin J. Elstad, Rugby.

OKLAHOMA

Everette L. Richison, Bokoshe.
Vernon A. Farmer, Broken Bow.
Lewis G. Rinnert, Checotah.
James W. Blair, Clayton.
Ernest H. Rowsaville, Coleman.
Pleas C. Merrell, Commerce.
Harold W. Amis, Covington.
Frederick W. Hunn, Crowder.
Mable C. Heidenreich, Duke.
Governor Everidge, Fort Towson.
Richard Wynn, Ochelata.
Vernon Whiting, Pawhuska.
Nita B. Figart, Red Fork.
L. Manuel Merritt, Roff.
Harold F. Facker, Shamrock.
Floyd O. Hibbard, Snyder.
Floyd A. Rice, Strong City.
David W. Robinson, Talihina.
Emil G. Etzold, Temple.
Sol A. Glotfelter, Verden.
Porter Z. Newman, Welch.
Thomas B. Fessenger, Wynne Wood.

PENNSYLVANIA

Asa F. Hockman, Chalfont.
Robert M. Barton, Duncannon.
James S. Crawford, Freeland.
Mark M. Merritt, Granville Summit.
George W. Murphy, Hawley.
Richard C. Jockers, Jenkintown.
Thomas V. Diffendafer, Millerstown.
J. Bertram Nesper, Narberth.
Charles J. Hanley, Newtown Square.
Mary G. Campbell, Nottingham.
Irvin Y. Baringer, Perkaskie.
Ralph P. Holloway, Pottstown.
Horace H. Hammer, Reading.
Henry Daugherty, Red Hill.
Issac L. Shilling, Reedsville.
Charles F. DeLabar, Riegelsville.
George F. Carling, Sayre.
Jessie M. Burns, Selinsgrove.
Frank Shupp, Shillington.
Roy L. Kalbfus, Shohola.
Howard C. Shenton, Slatington.
Arthur E. Foster, Thompson.
Jane R. Lohmann, Trucksville.

WYOMING

Ora Sonners, Cody.
Albert J. Schils, Cokeville.
Mayme A. Jackson, Osage.
Thomas B. Wright, Riverton.
Hedwig C. Hurtt, Sundance.
William O. Braley, Upton.

HOUSE OF REPRESENTATIVES

THURSDAY, December 16, 1926

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

The Lord God Omnipotent reigneth; He is clothed with majesty and naught can shake His sure repose. Thy works are manifold and in wisdom Thou hast made them all. Do Thou be known as very near and not far away. Enable us to give open proof of an intelligent and conscientious study of all problems. More and more show us the most acceptable way of life. Reveal unto us, O Lord, the divine plan, and out of the cloud that so often hides Thy face be not silent unto us. Through Jesus Christ our Lord. Amen.

The proceedings of the Journal of yesterday was read and approved.

ALIEN PROPERTY

Mr. GREEN of Iowa. Mr. Speaker, in accordance with the previous order of the House, I move that the House now resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 15009, commonly known as the alien property bill; and, pending that motion, I ask the gentleman from Mississippi [Mr. COLLIER] who, I see, is the ranking Member on the other side, whether we can agree with reference to the time of general debate.

Mr. COLLIER. Mr. Speaker, I would say to the gentleman from Iowa, I have been a little surprised at the number of requests for time from different Members. I will say, however, several of these requests are merely tentative. I have requests now for 260 minutes of time, part of which I promised to one of the members of the committee on the gentleman's side.

Mr. GREEN of Iowa. I thought possibly we could get through in four hours, two hours on the side, but from the statement of the gentleman, possibly we had better make it five hours. How would that suit the gentleman for general debate?

Mr. COLLIER. I am of the opinion that perhaps five hours would be enough, but if it is not enough, I will be in the attitude of having promised several Members time which I can not deliver, and it is too close to Christmas for them to be riding me around here. [Laughter.]

Mr. GREEN of Iowa. If it will be acceptable to the gentleman, I will state to him now that I will be reasonable and liberal in the debate under the five-minute rule so as to insure that the gentlemen to whom he refers are properly taken care of, and with that assurance, I think we might agree upon five hours.

Mr. TILSON. Mr. Speaker, if there is any danger of the gentleman from Mississippi getting into a jam, could not the time be extended? If when we reach adjournment this afternoon we find it is necessary, the time could then be extended.

Mr. GREEN of Iowa. Yes; I will agree to that.

Mr. COLLIER. I will say to the gentleman from Connecticut, with the permission of the gentleman from Iowa, that this being a nonpartisan matter, two of the requests are from Members on the gentleman's side of the aisle and the request is along this line: They have certain time from the gentleman from Iowa, but they did not get what they considered sufficient time to develop their views, and they want some additional time. One of them is a very prominent member of the committee, and I gladly acceded to his request.

Mr. GREEN of Iowa. I think that will not cause any trouble. I ask unanimous consent, Mr. Speaker, that the time for general debate on this bill be fixed at five hours, the debate to be confined to the bill, and the time to be controlled equally, one-half by the gentleman from Mississippi [Mr. COLLIER] and one-half by myself.

The SPEAKER. The gentleman from Iowa asks unanimous consent that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 15009, and pending that the gentleman asks unanimous consent that debate on the bill be confined to the bill and be limited to five hours, one half to be controlled by himself and the other half by the gentleman from Mississippi [Mr. COLLIER]. Is there objection?

Mr. EDWARDS. Mr. Speaker, reserving the right to object, is it the intention to have a vote on this bill as soon as general debate is concluded, or will we proceed under the five-minute rule?

Mr. GREEN of Iowa. We will proceed under the five-minute rule at the expiration of the general debate, and I assure the gentleman I will be reasonable and liberal in that debate.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Iowa that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 15009.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 15009) to provide for the settlement of certain claims of American nationals against Germany and of German nationals against the United States, for the ultimate return of all property of German nationals held by the Alien Property Custodian, and for the equitable apportionment among all claimants of certain available funds, with Mr. MAPES in the chair.

The Clerk read the title of the bill.

Mr. GREEN of Iowa. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent that the first reading of the bill be dispensed with. Is there objection?

Mr. BLANTON. Mr. Chairman, I shall not object, but would not the gentleman be willing to couple with his request that the bill be printed in the RECORD for our information in the future? It should be put in the RECORD.

Mr. GREEN of Iowa. It will be, of course, as it is read under the five-minute rule.

Mr. BLANTON. It would save reading it if the gentleman would simply request that it be printed without reading.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

Mr. BLANTON. In order to get the bill in the RECORD, Mr. Speaker, I will object.

Mr. GREEN of Iowa. I will ask the gentleman to withhold his objection.

Mr. BLANTON. I will withhold it for the moment.

Mr. GREEN of Iowa. And I will include in my request a request that the bill be printed in the RECORD.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent that the bill be printed in the RECORD and that the first reading of the bill be dispensed with. Is there objection?

There was no objection.

The bill is as follows:

A bill (H. R. 15009) to provide for the settlement of certain claims of American nationals against Germany and of German nationals against the United States, for the ultimate return of all property of German nationals held by the Alien Property Custodian, and for the equitable apportionment among all claimants of certain available funds

Be it enacted, etc., That this act may be cited as the "Settlement of war claims act of 1927."

DECLARATION OF POLICY

SEC. 2. In pursuance of established American doctrine, it is hereby declared that the claims of nationals of the United States against Germany, as determined by the Mixed Claims Commission, United States and Germany, shall be settled by the ultimate payment in full by Germany; that all property of German nationals held by the Alien Property Custodian as security for the payment of such claims of nationals of the United States against Germany shall ultimately be returned, together with the accrued interest and other earnings thereon; that the claims of German nationals against the United States for reasonable compensation for certain of their ships, radio stations, and patents taken or used by the United States shall be adjudicated and the amounts determined to be due shall ultimately be paid in full.

CLAIMS OF NATIONALS OF THE UNITED STATES AGAINST GERMANY

SEC. 3. (a) The Secretary of State shall, from time to time, certify to the Secretary of the Treasury the awards of the Mixed Claims Commission, United States and Germany, established in pursuance of the agreement of August 10, 1922, between the United States and Germany (referred to in this act as the "Mixed Claims Commission").

(b) The Secretary of the Treasury is authorized and directed to pay an amount equal to the principal of each award so certified, plus the interest thereon, at the rate fixed in the award, accruing before January 1, 1927.

(c) The Secretary of the Treasury is authorized and directed to pay annually (as nearly as may be) simple interest, at the rate of 5 per cent per annum, upon the amounts payable under subdivision (b) and remaining unpaid, beginning January 1, 1927, until paid.

(d) The payments authorized by subdivision (b) or (c) shall be made in accordance with such regulations as the Secretary of the Treasury may prescribe, but only out of the special deposit account created by section 5, within the limitations hereinafter prescribed, and in the order of priority provided in subdivision (c) of section 5.

(e) There shall be deducted from the amount of each payment, as reimbursement for the expenses incurred by the United States in respect thereof, an amount equal to one-half of 1 per cent thereof. In computing the amounts payable under subdivision (c) of section 5 the fact that such deduction is required to be made from the payment when computed or that such deduction has been made from prior payments, shall be disregarded.

(f) The amounts awarded to the United States in respect of claims of the United States shall not be payable under this section.

(g) No payment shall be made under this section unless application therefor is made, within two years after the date of the enactment of this act, in accordance with such regulations as the Secretary of the Treasury may prescribe. Payment shall be made only to the person on behalf of whom the award was made, except that—

(1) If such person is deceased or is under a legal disability, payment shall be made to his legal representative, except that if the payment is not over \$500 it may be made to the persons found by the Secretary of the Treasury to be entitled thereto, without the necessity of compliance with the requirements of law in respect of the administration of estates;

(2) In the case of a partnership, association, or corporation, the existence of which has been terminated, payment shall be made, except as provided in paragraphs (3) and (4), to the person found by the Secretary of the Treasury to be entitled thereto;

(3) If a receiver or trustee for any such person has been duly appointed by a court in the United States and has not been discharged prior to the date of payment, payment shall be made to the receiver or trustee or in accordance with the order of the court; and

(4) In the case of an assignment of an award, or an assignment (prior to the making of the award) of the claim in respect of which the award was made, by a receiver or trustee for any such person, duly appointed by a court in the United States, such payment shall be made to the assignee.

(h) Nothing in this section shall be construed as the assumption of a liability by the United States for the payment of the awards of the Mixed Claims Commission, nor shall any payment under this section be construed as the satisfaction, in whole or in part, of any of such awards, or as extinguishing or diminishing the liability of Germany for the satisfaction in full of such awards, but shall be considered only as an advance by the United States until all the payments from Germany in satisfaction of the awards have been received. Upon any payment under this section of an amount in respect of an award, the rights in respect of the award and of the claim in respect of which the award was made shall be held to have been assigned pro tanto to the United States, to be enforced by and on behalf of the United States against Germany in the same manner and to the same extent as such rights would be enforced on behalf of the American national.

(i) Any person who makes application for payment under this section shall be held to have consented to all the provisions of this act.

CLAIMS OF GERMAN NATIONALS AGAINST UNITED STATES

SEC. 4. (a) There shall be a German claims arbiter (hereinafter referred to as the "arbiter"), who shall be appointed by the President, at a salary to be fixed by the President not in excess of \$15,000 a year; or any officer or agent of the United States may be designated by the President as arbiter. Any officer or agent so designated shall receive as arbiter, notwithstanding any other provision of law, a salary to be fixed by the President in an amount, if any, which, when added to any other salary, will make his total salary from the United States not in excess of \$15,000 a year.

(b) It shall be the duty of the arbiter, within the limitations hereinafter prescribed, to hear the claims of any German national (as hereinafter defined), and to determine the fair compensation to be paid by the United States, in respect of—

(1) Any merchant vessel (including any equipment, appurtenances, and property contained therein), title to which was taken by or on behalf of the United States under the authority of the joint resolution of May 12, 1917 (40 Stat. p. 75). Such compensation shall be the fair value, as nearly as may be determined, of such vessel to the owner immediately prior to the time exclusive possession was taken under the authority of such joint resolution, and in its condition at such time, taking into consideration the fact that such owner could not use or permit the use of such vessel, or charter or sell or otherwise dispose of such vessel for use or delivery, prior to the termination of the war, and that the war was not terminated until July 2, 1921, except that there shall be deducted from such value any consideration paid for such vessel by the United States.

(2) Any radio station (including any equipment, appurtenances, and property contained therein) which was sold to the United States by or under the direction of the Alien Property Custodian under authority of the trading with the enemy act, or any amendment thereto. Such compensation shall be the fair value, as nearly as may be determined, which such radio station would have had on July 2, 1921, if returned to the owner on such date in the same condition as on the date on which it was seized by or on behalf of the United States, or on which it was conveyed or delivered to, or seized by, the Alien Property Custodian, whichever date is earlier, except that there shall be deducted from such value any consideration paid for such radio station by the United States.

(3) Any patent (or any right therein or claim thereto, and including an application therefor and any patent issued pursuant to any such application) which was licensed, assigned, or sold by the Alien Property Custodian to the United States. Such compensation shall be the amount, as nearly as may be determined, which would have been paid if such patent, right, claim, or application had been licensed, assigned, or sold to the United States by a citizen of the United States, except that there shall be deducted from such amount any consideration paid therefor by the United States (other than consideration which is returned to the United States under section 28 of the trading with the enemy act, as amended).

(4) The use by or for the United States of any invention described in and covered by any patent (including an application therefor and any patent issued pursuant to any such application) which was conveyed, transferred, or assigned to, or seized by, the Alien Property Custodian, but not including any use during any period between April 6, 1917, and November 11, 1918, both dates inclusive, or on or after the date on which such patent was licensed, assigned, or sold by the Alien Property Custodian. In determining such compensation, any defense, general or special, available to a defendant in an action for infringement or in any suit in equity for relief against an alleged infringement, shall be available to the United States.

(c) The proceedings of the arbiter shall be conducted in accordance with such rules of procedure as he may prescribe. The arbiter, or any referee designated by him, is authorized to administer oaths, to hold

hearings at such places within or without the United States as the arbiter deems necessary, and to contract for the reporting of such hearings. Any witness appearing for the United States before the arbiter or any such referee at any place within or without the United States may be paid the same fees and mileage as witnesses in courts of the United States. Such payments shall be made out of any funds in the special deposit account hereinafter provided for, and may be made in advance.

(d) The arbiter may, from time to time, and shall, upon the determination by him of the fair compensation in respect of all such vessels, radio stations, and patents, make a tentative award to each claimant of the fair compensation to be paid in respect of his claim, including simple interest, at the rate of 5 per cent per annum, on the amount of such compensation from July 2, 1921, to January 1, 1927.

(e) The total amount to be awarded under this section shall not exceed \$100,000,000, minus the sum of (1) the expenditures in carrying out the provisions of this section (including a reasonable estimate for such expenditures to be incurred prior to the expiration of the term of office of the arbiter), and (2) the aggregate consideration paid by the United States in respect of the acquisition of such vessels and radio stations, and the use, license, assignment, and sale of such patents (other than consideration which is returned to the United States under section 28 of the trading with the enemy act, as amended).

(f) If the aggregate amount of the tentative awards exceeds the amount which may be awarded under subdivision (e), the arbiter shall reduce pro rata the amount of each tentative award. The arbiter shall enter an award of the amount to be paid such claimant, and thereupon shall certify such awards to the Secretary of the Treasury.

(g) The Secretary of the Treasury is authorized and directed to pay the amount of the awards certified under subdivision (f).

(h) The Secretary of the Treasury is authorized and directed to pay annually (as nearly as may be) simple interest, at the rate of 5 per cent per annum, upon the amount of any such award remaining unpaid, beginning January 1, 1927, until paid.

(i) The payments authorized by subdivision (h), (i), or (s) shall be made in accordance with such regulations as the Secretary of the Treasury may prescribe, but only out of the special-deposit account created by section 5, within the limitations hereinafter prescribed, and in the order of priority provided in subdivisions (c) and (d) of section 5.

(j) The Secretary of the Treasury shall not pay any amount in respect of any award made in respect of any claim by or on behalf of the German Government or any member of the former ruling family, but the amount of any such award shall be credited upon the final payment due the United States from the German Government for the purpose of satisfying the awards of the Mixed Claims Commission.

(k) No payment shall be made under this section unless application therefor is made, within two years after the date the award is certified, in accordance with such regulations as the Secretary of the Treasury may prescribe. Payment of any amount in respect of any award may be made, in the discretion of the Secretary of the Treasury, in money of the United States or in lawful German money, and shall be made only to the person on behalf of whom the award was made, except that—

(1) If such person is deceased or is under a legal disability, payment shall be made to his legal representative, except that if the payment is not over \$500 it may be made to the persons found by the Secretary of the Treasury to be entitled thereto, without the necessity of compliance with the requirements of law in respect of the administration of estates;

(2) In the case of a partnership, association, or corporation, the existence of which has been terminated, payment shall be made, except as provided in paragraphs (3) and (4), to the person who, in the opinion of the Secretary of the Treasury, is entitled thereto;

(3) If a receiver or trustee for any such person has been duly appointed by a court of competent jurisdiction and has not been discharged prior to the date of payment, payment shall be made to the receiver or trustee or in accordance with the order of the court; and

(4) In the case of an assignment of an award, or of an assignment (prior to the making of the award) of the claim in respect of which such award was made, by a receiver or trustee for any such person, duly appointed by a court of competent jurisdiction, payment shall be made to the assignee.

(l) The head of any executive department, independent establishment or agency in the executive branch of the Government, including the Alien Property Custodian and the Comptroller General, shall, upon request of the arbiter, furnish such records, documents, papers, correspondence, and information in the possession of such department or independent establishment as may assist the arbiter, furnish him statements and assistance of the same character as is described in section 188 of the Revised Statutes, and may temporarily detail any officers or employees of such department or independent establishment to assist the arbiter, or to act as referee, in carrying out the provisions of this section. The Attorney General shall assign such officers and employees of the Department of Justice as may be

necessary to represent the United States in the proceedings under this section.

(m) The arbiter, with the approval of the Secretary of the Treasury, is authorized to (1) appoint and fix the salaries of such officers, referees, and employees, without regard to the civil service laws and regulations or to the classification act of 1923, and (2) make such expenditures (including expenditures for rent and personal services at the seat of Government and elsewhere, law books, periodicals, books of reference, and printing and binding), as may be necessary for carrying out the provisions of this section and within the funds available therefor. Any officer or employee detailed or assigned under subdivision (1) shall be entitled to receive (notwithstanding any provision of law to the contrary) such additional compensation as the arbiter, with the approval of the Secretary of the Treasury, may prescribe. The arbiter and officers and employees appointed, detailed, or assigned shall be entitled to receive their necessary traveling expenses and actual expenses incurred for subsistence (without regard to any limitations imposed by law) while away from the District of Columbia on business required by this section.

(n) On the date on which the awards are certified to the Secretary of the Treasury under subdivision (f), or the date on which the tentative awards are certified to the Secretary of State under subdivision (t), whichever date is later, the terms of office of the arbiter, and of the officers and employees appointed by the arbiter, shall expire, and the books, papers, records, correspondence, property, and equipment of the office shall be transferred to the Department of the Treasury.

(o) No award or tentative award shall be made by the arbiter in respect of any claim if (1) such claim is filed after the expiration of four months from the date on which the arbiter takes office, or (2) any judgment or decree awarding compensation or damages in respect thereof has been rendered against the United States, and if such judgment or decree has become final (whether before or after the enactment of this act), or (3) any suit or proceeding against the United States, or any agency thereof, is commenced or is pending in respect thereof and is not dismissed upon motion of the person by or on behalf of whom it was commenced, made before the expiration of six months from the date on which the arbiter takes office and before any judgment or decree awarding compensation or damages becomes final.

(p) There is hereby authorized to be appropriated, to be immediately available and to remain available until expended, the sum of \$50,000,000, and after the date on which the awards of the arbiter are certified to the Secretary of the Treasury such additional amounts as, when added to the amounts previously appropriated, will be equivalent to the aggregate amount of such awards plus the amounts necessary for the expenditures authorized by subdivisions (c) and (m) of this section, except that the aggregate of such appropriations shall not exceed \$100,000,000.

(q) The provisions of this section shall constitute the exclusive method for the presentation and payment of claims arising out of any of the acts by or on behalf of the United States for which this section provides a remedy. Any person who files any claim or makes application for any payment under this section shall be held to have consented to all the provisions of this act.

(r) If the aggregate amount to be rewarded in respect of any vessel, radio station, or patent is awarded in respect of two or more claims, such amounts shall be apportioned among such claims by the arbiter as he determines to be just and equitable and as the interests of the claimants may appear.

(s) The Secretary of the Treasury, upon the certification of any of the tentative awards made under subdivision (d) and the recommendation of the arbiter, may make such pro rata payments in respect of such tentative awards as he deems advisable, but the aggregate of such payments shall not exceed \$25,000,000.

(t) It shall be the duty of the arbiter to hear and determine the claims of any Austrian or Hungarian national (as hereinafter defined) for fair compensation in respect of the same classes of property, and of the same acts by or on behalf of the United States, and under the same conditions and subject to the same rules, as in the case of claims of a German national, except that the provisions of subdivisions (c) and (q) shall not be applicable, and except that the duties of the arbiter under this subdivision shall terminate when he has made and transmitted to the Secretary of State a tentative award to each claimant of the fair compensation in respect of his claim, including simple interest, at the rate of 5 per cent per annum, on the amount of such compensation, from July 2, 1921, to January 1, 1927. Such tentative awards shall be filed in the records of the State Department and preserved to await such further action as the Congress may take in respect thereof. Nothing in this act shall be construed as the recognition of any liability on the part of the United States for the payment of such tentative awards, nor as authorizing any appropriation or the use of any appropriation or of any funds in the special deposit account created by section 5, or of any other funds, for the payment of any such tentative award or of a claim in respect of which such an award is made.

FUNDS AVAILABLE FOR PAYMENT

SEC. 5. (a) There is hereby created in the Treasury a special deposit account, into which shall be deposited all funds hereinafter specified and from which shall be disbursed all payments authorized by section 3 or 4, including the expenditures authorized under subdivisions (c) and (m) of section 4 and subdivision (e) of this section.

(b) The Secretary of the Treasury is authorized and directed to deposit in the special deposit account—

(1) All sums invested or transferred by the Alien Property Custodian, under the provisions of section 25 of the trading with the enemy act, as amended;

(2) The amounts appropriated under the authority of section 4;

(3) All money (including the proceeds of any property, rights, or benefits which may be sold or otherwise disposed of, upon such terms as he may prescribe) received, whether before or after the enactment of this act, by the United States in respect of claims of the United States against Germany on account of the awards of the Mixed Claims Commission.

(c) The Secretary of the Treasury is authorized and directed, out of the funds in the special deposit account, subject to the provisions of subdivision (d), and in the following order of priority—

(1) To make the payments of expenses of administration authorized by subdivisions (c) and (m) of section 4 or subdivision (e) of this section;

(2) To make so much of each payment (in respect of an award of the Mixed Claims Commission) authorized by subdivision (b) of section 3, as is attributable to an award on account of death or personal injury;

(3) To make each payment (in respect of an award of the Mixed Claims Commission) authorized by subdivision (b) of section 3, if the amount thereof is not payable under paragraph (2) of this subdivision and does not exceed \$100,000;

(4) To pay the amount of \$100,000 in respect of each payment authorized by subdivision (b) of section 3, if the amount of such authorized payment is in excess of \$100,000 and is not payable in full under paragraph (2) of this subdivision;

(5) To make additional payments (in respect of awards of the Mixed Claims Commission) authorized by subdivision (b) of section 3, in such amounts as will make the aggregate payments under this paragraph and paragraphs (2), (3), and (4) of this subdivision equal to 80 per cent of the aggregate amount of all payments authorized by subdivision (b) of section 3. Payments under this paragraph shall be prorated on the basis of the amount of the respective payments authorized by subdivision (b) of section 3 and remaining unpaid;

(6) To pay (whether or not the payments under paragraphs (1) to (5), inclusive, have been completed) to German nationals, out of the funds available under the provisions of subdivision (d) of this section, amounts determined by the Secretary of the Treasury to be payable in respect of the tentative awards of the arbiter, in accordance with the provisions of subdivision (s) of section 4;

(7) To pay to German nationals such amounts as will make the aggregate payments equal to 50 per cent of the amounts awarded under section 4;

(8) To pay accrued interest upon the participating certificates evidencing the amounts invested by the Alien Property Custodian under subsection (a) of section 25 of the trading with the enemy act, as amended;

(9) To pay the accrued interest payable under subdivision (c) of section 3 and subdivision (h) of section 4;

(10) To make such payments as are necessary (A) to repay the amounts invested by the Alien Property Custodian under subsection (a) of section 25 of the trading with the enemy act, as amended, (B) to pay amounts equal to the difference between the aggregate payments (in respect of claims of German nationals) authorized by subdivisions (g) and (h) of section 4, and the amounts previously paid in respect thereof, and (C) to pay amounts equal to the difference between the aggregate payments (in respect of awards of the Mixed Claims Commission) authorized by subdivisions (b) and (c) of section 3, and the amounts previously paid in respect thereof. If funds available are not sufficient to make the total payments authorized by this paragraph, the amount of payments made from time to time shall be apportioned among the payments authorized under classes (A), (B), and (C) according to the aggregate amount remaining unpaid under each clause;

(11) To make such payments as are necessary to repay the amount invested by the Alien Property Custodian under subsection (b) of section 25 of the trading with the enemy act, as amended; but the amount payable under this paragraph shall not exceed the aggregate amount allocated to the trusts described in subsection (c) of section 26 of such act;

(12) To pay into the Treasury as miscellaneous receipts the amount of the awards of the Mixed Claims Commission to the United States, on its own behalf, on account of claims of the United States against Germany; and

(13) To pay into the Treasury as miscellaneous receipts any funds remaining in the special deposit account after the payments authorized by paragraphs (1) to (12) have been completed.

(d) Fifty per cent of the amounts appropriated under the authority of section 4 shall, notwithstanding the provisions of subdivision (c) of this section, be available at all times for the payment of the awards to German nationals under section 4, including payments in respect of tentative awards, and shall be available only for such payments until such time as 50 per cent of the amounts awarded under section 4 have been paid.

(e) The Secretary of the Treasury is authorized to pay, from funds in the special deposit account, such amounts, not in excess of \$25,000 per annum, as may be necessary for the payment of the expenses in carrying out the provisions of this section, and sections 25 and 26 of the trading with the enemy act, as amended, including personal services at the seat of government.

(f) The Secretary of the Treasury is authorized to invest and reinvest, from time to time, in bonds, notes, or certificates of indebtedness of the United States any of the funds in the special deposit account, and to deposit to the credit of such account the interest or other earnings thereon.

FINALITY OF DECISIONS

SEC. 6. (a) Notwithstanding the provisions of section 236 of the Revised Statutes, as amended, the decisions of the Secretary of the Treasury in respect of the funds to be paid into the special deposit account and of the payments therefrom, shall be final and conclusive, and shall not be subject to review by any other officer of the United States, except that payments made under authority of subdivision (c) or (m) of section 4 or subdivision (e) of section 5 shall be accounted for and settled without regard to the provisions of this subdivision.

(b) The Secretary of the Treasury, in his annual report to the Congress, shall include a detailed statement of all expenditures made in carrying out the provisions of this act.

EXCESSIVE ATTORNEYS' FEES PROHIBITED

SEC. 7. (a) The arbiter and the Commissioner of the Mixed Claims Commission appointed by the United States, respectively, are authorized to fix reasonable fees for services in connection with the proceedings before the arbiter and the Mixed Claims Commission and the application for payment and the payment of any amount under section 3 or 4.

(b) Any person accepting any consideration (whether or not under a contract or agreement entered into prior to the enactment of this act) the aggregate value of which is in excess of the amount so fixed, for services in connection with the proceedings before the arbiter or Mixed Claims Commission, or with the application for payment or the payment of any amount under section 3 or 4, shall, upon conviction thereof, be punished by a fine equal to four times the aggregate value of the consideration accepted by such person therefor.

(c) Section 20 of the trading with the enemy act as amended, is amended by inserting after the word "attorney" wherever it appears in such section the words "at law or in fact."

INVESTMENT OF FUNDS BY ALIEN PROPERTY CUSTODIAN

SEC. 8. The trading with the enemy act, as amended, is amended by adding thereto the following new section:

"SEC. 25. (a) The Alien Property Custodian is authorized and directed to invest, from time to time, in one or more participating certificates issued by the Secretary of the Treasury in accordance with the provisions of this section, the amounts the return of which is temporarily postponed, in accordance with the provisions of subsection (m) of section 9 of the trading with the enemy act, as amended.

"(b) The Alien Property Custodian is authorized and directed to invest, in one or more participating certificates issued by the Secretary of the Treasury, out of the unallocated interest fund, as defined in section 29—

"(1) The sum of \$25,000,000. If, after the allocation under section 26 has been made, the amount of the unallocated interest fund allocated to the trusts described in subsection (c) of such section is found to be in excess of \$25,000,000, such excess shall be invested by the Alien Property Custodian in accordance with the provisions of this subsection. If the amount so allocated is found to be less than \$25,000,000 any participating certificate or certificates that have been issued shall be corrected accordingly; and

"(2) The balance of such unallocated interest fund remaining after the investment provided for in paragraph (1), the payment of allocated earnings in accordance with the provisions of subsection (b) of section 26, and the deposits in the Treasury under subsection (d) of section 26, have been made.

"(c) If the amount of such unallocated interest fund, remaining after the investment required by paragraph (1) of subsection (b) of this section has been made, is insufficient to pay the allocated earnings and make the deposits referred to in paragraph (2) of subsection (b) of this section, then the amount necessary to make up the deficiency shall be paid out of the funds in the special deposit account created by section 5 of the settlement of war claims act of

1927, prior to any other payment therefrom other than the payments under paragraph (1) of subsection (c) of such section.

"(d) The Alien Property Custodian is authorized and directed to transfer to the Secretary of the Treasury, for deposit in such special deposit account, all money and the proceeds of all property, including all income, dividends, interest, annuities, and earnings accumulated in respect thereof (1) owned by the German Government or any member of the former ruling family, or (2) no claim to which is filed with the Alien Property Custodian prior to the expiration of two years from the date of the enactment of the settlement of war claims act of 1927, or (3) if any such claim is filed within such period, then if the ownership thereof under any such claim is not established. The amounts so transferred under this subdivision shall be credited upon the final payment due the United States from the German Government on account of the awards of the Mixed Claims Commission.

"(e) The Secretary of the Treasury is authorized and directed to issue to the Alien Property Custodian, upon such terms and conditions and under such regulations as the Secretary of the Treasury may prescribe, one or more participating certificates, bearing interest payable annually (as nearly as may be) at the rate of 5 per cent per annum, as evidence of the investment by the Alien Property Custodian under subsection (a) and one or more noninterest bearing participating certificates as evidence of the investment by the Alien Property Custodian under subsection (b). All such certificates shall evidence a participating interest, in accordance with, and subject to the priorities of, the provisions of section 5 of the settlement of war claims act of 1927, in the funds in the special deposit account created by such section, except that—

"(1) The United States shall assume no liability, directly or indirectly, for the payment of any such certificates, or of the interest thereon, except out of funds in such special deposit account available therefor, and all such certificates shall so state on their face; and

"(2) Such certificates shall not be transferable, except that the Alien Property Custodian may transfer any such participating certificate evidencing the interest of a substantial number of the owners of the money invested, to a trustee duly appointed by such owners."

RETURN TO GERMAN NATIONALS OF PROPERTY HELD BY ALIEN PROPERTY CUSTODIAN

SEC. 9. Subsection (b) of section 9 of the trading with the enemy act, as amended, is amended by striking out the punctuation at the end of paragraph (11) and inserting in lieu thereof a semicolon and the word "or" and inserting after paragraph (11) the following new paragraphs:

"(12) A partnership, association, or other unincorporated body of individuals, or a corporation, and was entirely owned at such time by subjects or citizens of nations, States, or free cities other than Austria or Hungary or Austria-Hungary and is so owned at the time of the return of its money or other property hereunder, and has filed the written consent provided for in subsection (m); or

"(13) A partnership, association, or other unincorporated body of individuals, having its principal place of business within any country other than Austria, Hungary, or Austria-Hungary, or a corporation organized or incorporated within any country other than Austria, Hungary, or Austria-Hungary, and that more than 50 per cent of the interest or voting power in any such partnership, association, other unincorporated body of individuals, or corporation, was at such time, and is at the time of the return of any money or other property, vested in citizens or subjects of nations, States, or free cities other than Austria, Hungary, or Austria-Hungary, and that the written consent provided for in subsection (m) has been filed; or

"(14) An individual who at such time was a citizen or subject of Germany or who, at the time of the return of any money or other property, is a citizen or subject of Germany or is not a citizen or subject of any nation, State, or free city, and that the written consent provided for in subsection (m) has been filed; or

"(15) The Austro-Hungarian Bank, except that the money or other property thereof shall be returned only to the liquidators thereof, and only if such liquidators give a bond, in a penal sum and with sureties satisfactory to the President or to the court, as the case may be, conditioned that they will redeliver to the Alien Property Custodian all such money or other property distributable to the Government of Austria or Hungary;—"

SEC. 10. (a) Subsection (d) of section 9 of the trading with the enemy act, as amended, is amended to read as follows:

"(d) Whenever a person, deceased, would have been entitled, if living, to the return of his money or other property hereunder, then his legal representative may proceed for the return of such money or other property as provided in subsection (a) hereof, and such money or other property may be returned to such legal representative without requiring the appointment of an administrator, or an ancillary administrator by a court in the United States, or to any such ancillary administrator for distribution directly to the persons entitled thereto: *Provided, however,* That the President or the court, as the case may be, before granting such relief shall impose such conditions by way of

security or otherwise, as the President or the court, respectively, shall deem sufficient to insure that such legal representative, administrator, or ancillary administrator will redeliver to the Alien Property Custodian such portion of the money or other property so received by him as shall be distributable to any person not eligible as a claimant under subsection (a), (b), or (n) hereof."

(b) Subsection (e) of section 9 of the trading with the enemy act, as amended, is amended by striking out the period at the end thereof and inserting a semicolon and the following: "nor shall a debt be allowed under this section unless notice of the claim has been filed, or application therefor has been made, prior to the date of the enactment of the settlement of war claims act of 1927."

(c) Subsection (g) of section 9 of the trading with the enemy act is amended to read as follows:

"(g) The legal representative of a person, deceased, whose money or other property has been conveyed, transferred, assigned, delivered, or paid to the Alien Property Custodian or seized by him hereunder and held by him or by the Treasurer of the United States, may (if not entitled to proceed under subsection (d) of this section) proceed under subsection (a) for the recovery of any interest, right, or title in any such money or other property which has, by reason of the death of such person, become the interest, right, or title of a citizen of the United States, unless such citizenship was acquired through naturalization proceedings in which the declaration of intention was filed after November 11, 1918, or has become, prior to the enactment of the settlement of war claims act of 1927, the interest, right, or title of a person eligible as a claimant under subsection (a), (b), or (n) of this section. Such legal representative shall give a bond, in a penal sum and with sureties satisfactory to the President or the court, as the case may be, conditioned that he will redeliver to the Alien Property Custodian all such money or other property not distributed to such citizen or person so eligible, or, if deceased, to his heirs or legal representatives."

SEC. 11. Subsections (j) and (k) of section 9 of the trading with the enemy act, as amended, are amended so as to comprise three subsections, to read as follows:

"(j) The Alien Property Custodian is authorized and directed to return to the person entitled thereto, whether or not an enemy or ally of enemy and regardless of the value, any patent, trade-mark, print, label, copyright, or right therein or claim thereto, which was conveyed, transferred, assigned, or delivered to the Alien Property Custodian, or seized by him, and which has not been sold, licensed, or otherwise disposed of under the provisions of this act, and to return any such patent, trade-mark, print, label, copyright, or right therein or claim thereto, which has been licensed, except that any patent, trade-mark, print, label, copyright, or right therein or claim thereto, which is returned by the Alien Property Custodian and which has been licensed, or in respect of which any contract has been entered into, or which is subject to any lien or incumbrance, shall be returned subject to the license, contract, lien, or encumbrance.

"(k) Except as provided in section 28, paragraphs (12), (13), and (14) of subsection (b) of this section shall apply to the proceeds received from the sale, license, or other disposition of any patent, trade-mark, print, label, copyright, or right therein or claim thereto, conveyed, transferred, assigned, or delivered to the Alien Property Custodian, or seized by him.

"(l) This section shall apply to royalties paid to the Alien Property Custodian, in accordance with a judgment or decree in a suit brought under subsection (f) of section 10; but shall not apply to any other money paid to the Alien Property Custodian under section 10."

SEC. 12. Section 9 of the trading with the enemy act, as amended, is amended by adding at the end thereof the following new subsections:

"(m) No money or other property shall be returned under paragraph (12), (13), or (14) of subsection (b) or under subsection (n) unless the person entitled thereto files a written consent to a postponement of the return of an amount equal to 20 per cent of the aggregate value of such money or other property, as determined by the Alien Property Custodian, and the investment of such amount in accordance with the provisions of section 25. Such amount shall be deducted from the money to be returned to such person, so far as possible, and the balance shall be deducted from the proceeds of the sale (in accordance with the provisions of section 12) of so much of the property as may be necessary, unless such person pays the balance to the Alien Property Custodian, except that no property shall be so sold prior to the expiration of six years from the date of the enactment of the settlement of war claims act of 1927 without the consent of the person entitled thereto.

"(n) In the case of property consisting of stock or other interest in any corporation, association, company, or trust, or of bonded or other indebtedness thereof, evidenced by certificates of stock or by bonds or by other certificates of interest therein or indebtedness thereof, or consisting of dividends or interest or other accruals thereon, where the right, title, and interest in the property (but not the actual certificate or bond or other certificate of interest or indebtedness)

was conveyed, transferred, assigned, delivered, or paid to the Alien Property Custodian, or seized by him, if the President determines that the owner thereof or of any interest therein has acquired such ownership by assignment, transfer, or sale of such certificate or bond or other certificate of interest or indebtedness (it being the intent of this subsection that such assignment, transfer, or sale shall not be deemed invalid hereunder by reason of such conveyance, transfer, assignment, delivery, or payment to the Alien Property Custodian or seizure by him), and that the written consent provided in subsection (m) has been filed, then the President may make in respect of such property an order of the same character, upon the same conditions, and with the same effect as in cases provided for in subsection (b), including the benefits of subsection (c).

"(o) The provisions of paragraph (12), (13), or (14) of subsection (b), or of subsection (m) or (n) of this section, shall not be construed as diminishing or extinguishing any right under any other provision of this act in force immediately prior to the enactment of the settlement of war claims act of 1927."

SEC. 13. The trading with the enemy act, as amended, is amended by adding thereto the following new sections:

"SEC. 26. (a) In the case of money (including the proceeds of property converted into money) deposited in the Treasury of the United States under section 12, the Alien Property Custodian shall allocate among the various trusts (1) the earnings accruing on such money (including the proceeds of any bonds or certificates of indebtedness in which such earnings are invested, and the earnings thereon) prior to March 4, 1923, and (2) the earnings accruing, on or after March 4, 1923, or the date on which the money was so deposited (whichever date is earlier) and prior to the date on which such allocation is made, on the earnings computed under clause (1). Such allocation shall be made under regulations prescribed by the Secretary of the Treasury and shall be based upon the average rate of earnings (determined by the Secretary of the Treasury) on the total amounts deposited under section 12.

"(b) In the case of any person entitled, under subsection (a) of section 9 or paragraphs (1) to (8), both inclusive, or paragraph (11) or (15), of subsection (b) of section 9, to the return of money or other property conveyed, transferred, assigned, delivered, or paid to the Alien Property Custodian, or seized by him, the Alien Property Custodian, when the allocation has been made, is authorized and directed to pay to such person, notwithstanding any receipt or release given by him, the amount allocated to his trust.

"(c) In the case of persons entitled, under paragraph (12), (13), or (14) of subsection (b) of section 9, to such return, and in the case of persons who would be entitled to such return thereunder if all such money or property had not been returned under paragraph (9) or (10) of such subsection, and in the case of persons entitled to such return under subsection (n) of section 9, an amount equal to the aggregate amount allocated to their trusts shall be credited against the sum of \$25,000,000 invested in participating certificates under paragraph (1) of subsection (b) of section 25. If the aggregate amount so allocated is in excess of \$25,000,000, an amount equal to the excess shall be invested in the same manner. Upon the repayment of any of the amounts so invested, under the provisions of section 5 of the settlement of war claims act of 1927, the amount so repaid shall be distributed pro rata among such persons, notwithstanding any receipts or releases given by them.

"(d) In the case of any other enemy or ally of enemy entitled to such return, the Alien Property Custodian shall deposit the amount allocated to his trust in the Treasury in the name of such person until otherwise directed by Congress.

"(e) The payment provided for in subsection (a), the investment provided for in subsection (c), and the deposit provided for in subsection (d) shall be made out of the unallocated interest fund.

SEC. 27. On and after the passage of the settlement of war claims act of 1927 no money or other property shall be conveyed, transferred, assigned, delivered, or paid over to the Alien Property Custodian, or seized by him, under this act, without the written consent of the person entitled thereto; and all requirements or demands under this act in respect of the conveyance, transfer, assignment, delivery, or payment, or seizure of any money or other property, shall be unenforceable after such date without such written consent. This section shall not be applicable in the case of money or property owned by a person who is a fugitive from justice from the United States or any State or Territory thereof or the District of Columbia.

SEC. 28. The Alien Property Custodian is authorized and directed to return to the United States any consideration paid to him by the United States under any license, assignment, or sale by the Alien Property Custodian to the United States of any patent (or any right therein or claim thereto, and including an application therefor and any patent issued pursuant to any such application).

SEC. 29. As used in this act the term unallocated interest fund, means the sum of (1) the earnings accruing prior to March 4, 1923, on money (including the proceeds of property converted into money)

deposited in the Treasury of the United States under section 12 (including the proceeds of any bonds or certificates of indebtedness in which such earnings are invested, and the earnings thereon), plus (2) the earnings accruing on or after March 4, 1923, or the date on which the money was so deposited (whichever date is earlier) and prior to the date on which the allocation provided for in section 26 is made, on the earnings computed under clause (1) of this section."

DEFINITIONS

SEC. 15. As used in this act—

(a) The term "person" means an individual, partnerships, association, or corporation.

(b) The term "German national" means—

(1) An individual who, on April 6, 1917, was a citizen or subject of Germany, or who, on the date of the enactment of this act, is a citizen or subject of Germany.

(2) A partnership, association, or corporation which, on April 6, 1917, was organized or created under the law of Germany but excluding any such partnership, association, or corporation, more than 50 per cent of the interest or voting power in which was on April 6, 1917, or on the date of the enactment of this act, vested (directly or indirectly) in citizens or subjects of Austria, Hungary, or Austria-Hungary.

(3) An individual (other than a citizen or subject of Austria, Hungary, or Austria-Hungary) whose claim is based upon an interest on April 6, 1917, in a partnership, association, or corporation excluded under paragraph (2).

(4) The Government of Germany.

(c) The term "Austrian or Hungarian national" means—

(1) An individual (other than a German national) who, on April 6, 1917, was a citizen or subject of Austria, Hungary, or Austria-Hungary, or who, on the date of the enactment of this act, is a citizen or subject of Austria or Hungary.

(2) A partnership, association, or corporation (other than a German national) which, on April 6, 1917, was organized or created under the law of Austria, Hungary, or Austria-Hungary, if more than 50 per cent of the interest or voting power therein was, on April 6, 1917, or on the date of the enactment of this act, vested (directly or indirectly) in citizens or subjects of Austria, Hungary, or Austria-Hungary.

(3) The Government of Austria, Hungary, or Austria-Hungary.

(d) The term "United States" when used in a geographical sense includes the Territories and possessions of the United States and the District of Columbia.

Mr. GREEN of Iowa. Mr. Chairman, on account of the numerous requests for time, I shall be obliged to speak briefly and to ask that I be permitted to proceed with my statement until concluded without interruption. Up to that time I do not desire to yield to anyone. In the statement I shall make I shall confine myself to the general features of the bill and only make a bare outline of it. The matter will be gone into more particularly by others who will speak on the subject.

A great war always brings its problems. With this Government none have been so perplexing as those which have arisen out of the seizure of German property and the claims of American citizens against the German Government. Whenever a solution is sought it is found that the discussion involves not only international law but also the international policies of this Government from the time we came into existence. It must take into consideration the provisions of the treaties of Versailles and Berlin, which fixed the terms upon which peace was restored. It must examine the negotiations and agreements had and made between our diplomatic representatives and those of other countries. In short, it includes a study of policies, treaties, and agreements in order to determine the proper basis of settlement. But even when all this is done there remains one fact which, after the basis of settlement is determined, adds more to the difficulties of solution than anything else. It is that the German Government is not able to make an immediate settlement of the claims against it. Otherwise the solution would be comparatively easy.

Out of the tangled web of international policies, of treaties, and diplomatic negotiations, of claims against our Government on the one hand and against the German Government on the other, threads can be picked out here and there on which fine-spun and plausible arguments can be and have been constructed in support of various theories, none of which when considered by itself alone leads to a solution of the problem. So difficult was its nature that four years elapsed after the war status had officially ended before anyone even ventured to propose a plan for its settlement. I do not think that any committee ever worked harder than did the Ways and Means Committee on this problem at the last session. For more than two months it struggled to no avail, except to make its difficulties and perplexities more apparent. Various plans were proposed, and several submitted in the form of bills. I shall not discuss the merits of these propositions. The House is

more or less familiar with them. I shall only say that so much opposition developed to all of them that none gave rise to any reasonable expectation of passage by Congress, and upon none of them was the committee itself in complete accord. Nothing was done, and the whole matter went over to the special session of the committee held last fall, in advance of the session of Congress. In the meantime, the demands of the claimants became more and more pressing and urging. Many of the claimants were experiencing severe financial distress by reason of this long and, as it appeared to them, unwarranted delay.

At the fall session of the committee further hearings were had for about 10 days. At the close of the hearings, when it seemed as if our labors might again have no result, I made a suggestion to the claimants. In substance, I stated that the hearings so far seemed to have resolved into a contest between the German claimants on one side and the American claimants on the other, each insisting, in effect, that their claims should be paid in full and the other side should wait indefinitely; that it appeared to me that as long as this attitude was continued there was little hope of a settlement; but that if the claimants were disposed to make mutual concessions and agree that the payment of an equitable proportion of the claims on each side should be deferred, that I thought that by making an appropriation only for the payment of those items for which it was generally conceded our Government was liable, the committee could work out a bill. I confess that at the time I made this suggestion I had little hope that it would be accepted. It required a mutual spirit of compromise, and as there were a large number of American claimants for small amounts with whom no communication could be had, it was necessary that an arrangement should be made for the immediate payment of their claims. I was, however, agreeably surprised over the manner in which the suggestion was received. The claimants, through their representatives, immediately conferred with each other and in a short time came to a complete agreement. The American claimants for large amounts agreed on their part that the small claims should first be paid in full, although this required their own claims in part to be further deferred. All the claimants, so far as I know, now unite in support of the bill and are earnestly urging its adoption. Perhaps I ought to say that when I speak of the claimants I do not include Americans who bought German bonds or marks and whose claims were denied by the Mixed Commission. I refer only to claims which it allowed. Originally, I stated that I thought that if such an agreement was made, about 60 or 70 per cent would be paid at once on all established claims. As the plan was finally worked out this percentage has been somewhat changed by agreement of the parties.

Let us now consider some undisputed facts with reference to the condition upon which the committee was required to act.

Under and by virtue of the trading with the enemy act the Alien Property Custodian seized an immense amount of German property, together with some that has since been ascertained to belong either to Americans, allies, or neutrals. The value of German property now held by the Alien Property Custodian is estimated at \$250,000,000. This includes \$25,000,000 of what is called the unallocated interest, which is interest which accrued on investments made by the custodian prior to March, 1923, and also undistributed earnings accruing since that time amounting to \$17,000,000. It will thus be seen that the custodian holds approximately \$208,000,000 of German property, excluding interest.

The United States Government also took over and has since used a large number of German ships, a radio station, and a number of patents. The value of this property, with interest, has been variously estimated at from about \$50,000,000 up to \$230,000,000. The bill, however, contains a provision that the maximum amount paid for all of it shall not exceed \$100,000,000.

Under the treaty of Berlin and pursuant to its provisions, negotiations were had which resulted in the establishment of what is known as the Mixed Claims Commission, whose duty was to pass upon the validity and amount of the American claims against the German Government. This body has proceeded with its work, and the claims which have been allowed by it and may be expected to be further allowed are estimated, with interest, to amount to \$179,000,000.

The treaty of Berlin provided that the property which was under the control of the American Government might be retained until such time as Germany should make suitable provisions for the payment of the American claims. But there was no money to pay the American claims except as came in by virtue of the Dawes agreement. Everyone understands, I suppose, that by virtue of an agreement between the Allies and Germany, commonly known as the Dawes agreement, an arrange-

ment was made for the payment by Germany of certain sums as reparations to the allied nations. Two and one-fourth per cent of this fund was to be paid to the United States, to be applied on the awards of the Mixed Commission to American citizens against the German Government. About \$10,700,000 has already been received from this source, and by next September a total of about \$14,000,000 will have been paid. This comparatively small sum was all that was directly available for the payment of the American claims.

At the last session of Congress there were in general two propositions for the disposition and settlement of these claims. The first involved a virtual confiscation of the property which was in the hands of the Alien Property Custodian and its application to the payment of the American claims. This plan, I think, met with so little support in Congress that it hardly needs to be discussed at this time. I am quite sure that a great majority of the House are against the confiscation of private property seized in time of war, and believe that such property should ultimately be returned.

The other plan required a large appropriation, not only to pay what the Government might owe for the ships, radio stations, and patents to which I have referred, but also to pay the American claimants. There was one other plan I believe which contemplated taking that portion of the reparation funds which was to be paid on account of our army of occupation, and applying it on the American claims. These plans were carefully considered by the committee. So much objection was made to making an appropriation on behalf of the Government to pay claims of individuals, or even to the use of the reparation funds that were to be paid on account of our army of occupation, that no action was taken on the bills which carried these plans, and the whole matter as I have said went over until this session.

The lack of funds to pay the American claims required some new plan to be devised. The committee also considered that any plan which would be acceptable to the House and to the Congress must provide for four matters which are stated in the report.

First, the settlement of the claims of the United States and its nationals against Germany and its nationals;

Second, the settlement of the claims of Germany and its nationals against the United States and its nationals;

Third, the return of the property held by the Alien Property Custodian which was seized during the war as the private property of citizens of the countries with which we were at war;

Fourth (and this, I think, is a very important and a very essential feature of the bill), the temporary retention of sufficient of the German property to reasonably insure the payment of the American claims, and the return of the property which is temporarily withheld as the American claims are paid.

The committee also considered it essential that any plan considered should make no discrimination either for or against the German claimants on the one hand and the American claimants on the other.

The plan which was finally adopted by the committee is so simple that I believe I can state its essential features in a few words so that everyone will understand it. Under this plan the German and American claimants were each and all to receive payment of the greater part of their claims when the proposed law went into full effect and operation and the remainder was to be deferred, to be paid out of the 2¼ per cent of the Dawes reparations funds provided for the purpose of paying American claims.

It will be observed that there were three existing items requiring funds for payment. First, the German claims for property seized by the Alien Property Custodian. The funds for the payment of the und deferred part of these claims were available in the hands of the custodian himself, and under the control of this Government. Second, the payment of the part not deferred of the German claims for ships or radio stations, and so forth, taken over by the American Government. For the payment of these claims an appropriation must be made, it being generally conceded that our Government was liable therefor and ought to settle these claims. I am aware that that is a matter as to which there may be some discussion. I am speaking now only in general terms, but I will say this in this connection, that in negotiations had between the diplomatic representatives of our Government and those of England it was conceded that if we finally appropriate any of these ships or confiscate the radio stations or the patents, the value thereof should be taken out of our share of the reparation payments. In other words, we must pay for them one way or the other, and I am quite clear that it is better that we pay under a plan whereby we determine the measure of their value.

Mr. CONNALLY of Texas. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. CONNALLY of Texas. What diplomatic agreement provided that?

Mr. GREEN of Iowa. It was a series of notes that passed between Secretary Kellogg, I think, and foreign representatives. Perhaps the gentleman from New York [Mr. MILLS] can advise me on that.

Mr. MILLS. Primarily provided for in Article II of the treaty of Berlin, which provides that the United States in exercising any of the rights which it preserved to itself under the treaty of Berlin shall also only do so by observing the rights given the German Government under the treaty of Versailles, and the treaty of Versailles provides that if any property is retained without compensation by any of the allied or associated governments, the German Government shall receive credit for the value of the property so retained on reparation payments. Does that make it clear to the gentleman?

Mr. CONNALLY of Texas. No, it does not; because I think the gentleman's statement about what was contained in the Berlin treaty is not exactly accurate. I took occasion in debating that question on the floor at the time of the peace resolution, which was copied into the Berlin treaty and was before this House, to expressly point out that the Berlin treaty claimed for the United States all rights under the treaty of Versailles, but accepted none of its obligations whatever.

Mr. GREEN of Iowa. If the gentleman will pardon me, this matter will be discussed fully later, and I can not yield for a discussion between the gentlemen.

Mr. CONNALLY of Texas. I beg the gentleman's pardon. I thought the gentleman had the information.

The CHAIRMAN. The Chair will call the attention of the Members of the House to the request of the gentleman from Iowa—

Mr. CONNALLY of Texas. But, Mr. Chairman, the gentleman from Iowa had yielded to me.

The CHAIRMAN. Will the gentleman from Texas please be in order.

Mr. CONNALLY of Texas. The gentleman from Texas is in order. The gentleman from Iowa has yielded to me.

The CHAIRMAN. The Chair was making a statement.

Mr. CONNALLY of Texas. I beg the Chair's pardon. If the Chair would speak loud enough for the rest of us to hear him, we might observe a little more deference to the Chair. I was unaware that the Chair had interrupted.

The CHAIRMAN. The Chair was not interrupting. The Chair was making a statement when the gentleman from Texas started to speak. The Chair was calling the attention of the Members of the House to the request of the gentleman from Iowa that he be not interrupted. It is perfectly all right with the Chair.

Mr. CONNALLY of Texas. I thank the Chair for his observation, but I did not hear the gentleman's request not to be interrupted, and I assumed the gentleman had the right to retrench and yield if he desired. He did yield to me.

The CHAIRMAN. It is perfectly all right with the Chair if the gentleman from Iowa desires to yield, but he addressed the Chair at the opening of his statement and said that he would like not to be interrupted until he completed his statement. The Chair is trying to observe the rights of the gentleman from Iowa.

Mr. CONNALLY of Texas. I supposed that the gentleman from Iowa, after he started his speech, was in possession of all of his mental ability and able to take care of himself, and did not require the guardianship of the chairman of the committee to prevent other gentlemen from interrupting him. I took it that he was a free, moral, and intellectual agent, able to take care of himself.

Mr. GREEN of Iowa. I have answered the question sufficiently for the present. I expect this matter will be gone into further and I will proceed, not wanting to take up further time on it now. I will repeat for a moment that there were three distinct items requiring funds for payment:

First. The German claim for property seized by the Alien Property Custodian. The funds for the payment of the und deferred part of these claims are available in the hands of the custodian.

Second. The payment of the part not deferred of German claims for ships, radio stations, and so forth, taken over by the American Government. For the payment of these claims an appropriation must be made, it being generally conceded that the Government was liable therefor and ought to pay.

Third. The payment of American claims, which has been provided through a fund created by the temporary retention of the amount of the deferred German claims, together with the

unallocated interest and the amount already paid in under the Dawes plan. The sums so retained are eventually to be returned at a time fixed by the bill.

These are the main features of the bill, what I might call the formation upon which it is built. I shall not go into the arrangement in reference to the time when the deferred payments shall be made. I understand the gentleman from Oregon [Mr. HAWLEY] will discuss those matters fully.

I am perfectly aware that Members may here and there find some details of the bill which they will prefer to have changed. Such is the case with some members of the committee. The bill has been worked out as a compromise on the part of the committee, as well as on the part of the claimants. I do not assert that it will result in exact justice being done. The complicated nature of the situation makes this practically impossible. I do insist that it offers a practical solution of the difficult problem, and in general it is fair and equitable. There may be some who do not favor the bill because they consider that some claimants have not received everything to which they are entitled. Before they speak and before they vote on this bill let me say to them that the very persons on whose behalf they are acting, hope they will refrain from any opposition to the bill. I have yet to find a claimant who did not earnestly hope, and I know that some of them are even praying, that the bill may pass. The present situation is intolerable. The failure to act is a confession of the inefficiency, an admission that our lofty professions of international policy are but empty words.

It will constitute a reproach to our honor and a confession that even with funds in our Treasury set aside for the purpose we are either unwilling or unable to make the payments already too long deferred. It is true that a part of the payments under this bill are deferred for a period extending beyond 20 years, but this bill, in my opinion, only marks the first part of the settlement of these claims. In my judgment, not over five years will elapse before the situation in Germany will be such that all of these claims can be taken up and the whole subject finally concluded. Whether or not this is correct, it is clear that action would be no longer delayed, and I trust that this bill will pass by so large a majority as to make it clear that the American Government intends to maintain the highest standard in its international dealings and at the same time protect the rights of its citizens. [Applause.]

Mr. Chairman, I reserve the remainder of my time.

Mr. MOORE of Virginia. May I ask a question?

Mr. GREEN of Iowa. Certainly.

Mr. MOORE of Virginia. I am in favor of the bill the gentleman is discussing. The gentleman has said there was a divergence of opinion in the committee. I hope there is no difference of opinion with respect to the second section, which contains a statement of a great principle of international law.

Mr. GREEN of Iowa. I think there is no substantial difference. The section was very carefully considered and somewhat changed from its original form as presented to the committee.

Mr. MOORE of Virginia. That principle has been the policy of this Government since the time of the Revolution, and is stated nowhere with greater emphasis than the case involving the payment of a claim of a British subject contracted prior to the Revolution by the Supreme Court of the United States, as given in the case of Ware against Hylton, decided in 1796.

Mr. GREEN of Iowa. The gentleman is quite correct. Our attention was called to that decision, and I think there is no difference of opinion upon it.

Mr. JACOBSTEIN. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. JACOBSTEIN. Is there any provision in the bill which will protect those claimants from whom I am getting letters constantly who lost money through the deposits in German banks or the purchase of German securities, funds, and so forth?

Mr. GREEN of Iowa. I fear my friend is among those who have been somewhat deceived by the nature of that letter, which is part of a propaganda being carried on. I shall refer to it when we come to the subject of American claims and fully explain the true situation.

Mr. HILL of Maryland. Will the gentleman yield?

Mr. GREEN of Iowa. I will.

Mr. HILL of Maryland. Can the gentleman state now the total amount held by the Alien Property Custodian?

Mr. GREEN of Iowa. I do not just now have the figures for the total. I have given those for the German property held by him.

Mr. HILL of Maryland. Is it the amount given on page 72, \$274,130,904.38?

Mr. GREEN of Iowa. I think it correct, but the gentleman, of course, will bear in mind that part of the property seized by the Alien Property Custodian has since been found to be property of American citizens or of allies or of neutrals who are consequently entitled to its return in full with such interest or other income as may have been received from it.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. GREEN of Iowa. I will.

Mr. LAGUARDIA. Looking through the list of awards made by the Mixed Claims Commission I found several for the Veterans' Bureau. What is that?

Mr. GREEN of Iowa. The Veterans' Bureau had charge of the Government war insurance operations and these are, in fact, insurance claims. They resulted from the destruction of American vessels by the war vessels of the German Government prior to the time when we entered into the war.

Mr. LAGUARDIA. There is a long list there of life insurance companies. Is that on the theory that they paid out claims on policies caused by the death of the insured in the war?

Mr. GREEN of Iowa. There may be some awards on that basis; I could not say.

Mr. LAGUARDIA. There is a long list of those.

Mr. DENISON. Mr. Speaker, will the gentlemen yield?

Mr. GREEN of Iowa. Yes.

Mr. DENISON. Some of these Germans whose property is now held by the Alien Property Custodian have creditors residing in this country whose claims against them have not been paid. Now did they come before the committee and make known their claims or desires?

Mr. GREEN of Iowa. It was not necessary for them to do that. Under the trading with the enemy act as amended all of these parties have only to file their claims with the Alien Property Custodian and maintain their action in court to have their claims made a lien upon the property in the hands of the Alien Property Custodian.

Mr. DENISON. They have the right, as I understand the chairman to contend, under the existing law to present their claims to the Alien Property Custodian to estop the claims?

Mr. GREEN of Iowa. The German property will be withheld when they are adjudicated.

Mr. McKEOWN. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. McKEOWN. I want to ask the gentleman about a matter that is the crux of this measure, as I see it. I want to ask the gentleman if any provision is made in this bill as to the measure of damages to be awarded the German Government upon the ships and two radio stations that were seized. Is there any measure of damages for that property?

Mr. GREEN of Iowa. The gentleman will find, when we come to that part of the bill, that the provision is very carefully guarded. There is not only a limitation of the maximum amount to \$100,000,000, but the rules to be observed by the arbiter in determining the value of the ships are so rigid that it seems to me they are almost unfair to Germany. At least, they will require the very lowest estimate upon the value.

Mr. McKEOWN. Of course, as the gentleman properly said, there is a divergence of opinion as to the legal rights to protect the property. Of course, the Supreme Court of the United States has practically said it could confiscate the property if the United States wanted to do so.

Mr. GREEN of Iowa. Oh, yes. We could confiscate all of it legally but not morally, as I think.

Mr. McKEOWN. But I take it that the gentleman's committee is endeavoring to take a more liberal attitude than confiscation, even if they had the constitutional power to do so.

Mr. GREEN of Iowa. We adhere to the American policy, I will say to the gentleman, which is not to confiscate private property taken over by the Government in time of war.

Mr. McKEOWN. What I want to know is whether an award was to be passed upon what was the actual value of the ship. There were ships damaged by the Germans. The question is whether the policy would be to give them the price at the market value at the time when received, or the value of the ships such as they would have been had we not entered into the contest. I think the gentleman from New York [Mr. MILLS] laid down in one of his statements the proper measure of damages. I wondered whether the committee had safeguarded that in this bill.

Mr. GREEN of Iowa. That has been very carefully safeguarded in every particular.

Mr. WELLER. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes; I will yield to the gentleman from New York, and then I will be compelled to close my remarks.

Mr. WELLER. Has the gentleman made it clear as to what part of the fund is to be devoted to the expenses of the custodianship?

Mr. GREEN of Iowa. Yes; there is a provision in the bill that one-half of 1 per cent shall be devoted to that purpose.

Mr. Chairman, I reserve the balance of my time. [Applause.]

The CHAIRMAN. The gentleman from Iowa has consumed 37 minutes.

Mr. GREEN of Iowa. I hope the gentleman on the other side will use some of his time. If the gentleman from Mississippi [Mr. COLLIER] is ready, I will yield to him.

Mr. COLLIER rose.

Mr. RAYBURN. Before the gentleman from Mississippi begins, if it would not disarrange his argument, I want to refer to a matter or two in connection with this bill. A great many of us realize that we are in an ugly situation on account of some derelictions here and there. There are two things that are desirable. We want to vote for a bill to get out of this whole business if we can. But there are two things we would like to be certain about. One is whether this bill reverses in any way our historic position with reference to confiscation, and the other is whether or not the settlement is to cost the American taxpayers anything.

Mr. COLLIER. I hope I can answer the gentleman to his satisfaction.

Mr. Chairman and gentlemen of the House, before I proceed to the discussion of this bill I want to make a statement in justice to a member of the Ways and Means Committee and to state what actually occurred. The House will probably recall that when this matter came up at the last session of Congress there was some discussion as to whether or not the gentleman from New York [Mr. MILLS], by reason of the fact that he was a director of a corporation interested in a claim awarded by the Mixed Claims Commission, should participate in the consideration of the bill. You will also recall, gentlemen, that the gentleman from New York took the floor and stated that as soon as he discovered that fact, he wished to withdraw from all consideration of the bill, and my understanding is that he did.

The present bill does not contemplate an appropriation out of the Public Treasury to pay the claims awarded by the Mixed Claims Commission; and therefore, it was unanimously the opinion of the committee that the gentleman from New York should sit with us during the hearings on this bill, and the committee did not think that there was any kind of impropriety in his so doing. I feel it justice to the gentleman from New York, in view of the past history, that I make this statement. [Applause.]

Mr. GREEN of Iowa. I thoroughly agree with the gentleman, and am very glad to have the gentleman make his statement.

Mr. COLLIER. Yes; and I think it comes better from this side.

The consideration of this bill to-day means the culmination of many hours of work by the Committee on Ways and Means. I am glad that the committee has seen fit to deal with this matter in a nonpartisan manner. Everything connected with the subject matter of this bill grew directly out of the war. During the continuance of the war seldom, if ever, was partisanship injected in the consideration of any bill the object of which was to further the interests of the United States in the conduct of the war in which we were engaged.

An observer attending the sessions of the committee at that time and not being familiar with the party affiliations of the different members could not from observation of their acts determine which member was a Democrat and which was a Republican. Our deliberations, in fact, were synonymous with similar conditions throughout the United States when a united America, all marching one way in a common cause against a common foe, hastened the conclusion of the greatest war in all the ages.

As all matters connected with the restoration of alien property and the settlement of claims against Germany are directly attributable to the war, the committee has approached the settlement of these matters in the same spirit which actuated them when passing upon important legislation during the period of that great struggle.

The amount of German property now in the hands of the Alien Property Custodian, the great number of claims of American citizens against Germany, the definite positions on the same subject already taken by our allies and partners during the war with appealing suggestions from many that we act to the contrary, all together impressed me with the fact that a grave responsibility rests upon the committee and upon this House. Our action on this bill not only will determine the rights of

thousands of American claimants and German property owners, but also may set a precedent to be used as guides in the future in the disposal of property so taken and in the payment of the claims of one nation against another.

In our deliberations on this bill we were continually reminded of the delicate situation in Europe. Our partners, a dozen or more allies in the great struggle from which we so successfully emerged, had already settled these matters for themselves by the terms of the treaty of Versailles. By the terms of that treaty the property they seized belonging to German citizens was used by them to pay the claims of their citizens against Germany.

While we did not want to confiscate the property of German citizens to pay Germany's debt, yet we did not want to bring in a bill the passage of which even by implication might reflect upon the conduct of our allies because we had pursued a course different from them.

Sentiment alone was not all with which we had to contend. Our allies had material grounds for desiring us to act as they did. Though not a party to the treaty of Versailles, yet in the treaty of Berlin the United States reserved to itself all benefits accruing to allied nations in the treaty of Versailles, even as though we had been parties to that treaty. In that treaty Germany was assessed damages in the amount of 132,000,000,000 gold marks, or about \$35,000,000,000 in our money, with interest at the rate of 5 per cent. In addition to this, 5,000,000,000 marks were assigned to the Belgian debt.

This amount was beyond Germany's capacity to pay, and as Mr. Winston very plainly stated, that like a corporation unable to meet its obligations Germany went into the hands of a receiver. A reorganization plan became necessary. Germany's debts had to be scaled according to her capacity to pay, and the Dawes plan was the result.

Under this plan each allied country creditor received, after Germany's utmost capacity to pay had been determined, its pro rata part of these reparations. Had the United States followed the precedents set by our allies in confiscating the German property in our hands and applying it to the claims of American nationals against Germany, the pro rata part of the share under the Dawes plan of the United States would have been materially decreased, and the pro rata share of the allied countries would have been correspondingly increased.

In fact had we pursued the policy outlined in the treaty of Versailles, all Germany would have owed us would have been the cost of the army of occupation. So you can readily see that there were material as well as sentimental reasons which actuated the allied countries in desiring us to pursue the same course pursued by them in relation to the disposal of the seized German property.

It has been said that as a country we are not popular in Europe. If this be true it is a source of much regret to us, for nations as well as individuals have a desire to be liked by their neighbors. No cry of distress across the water has ever fallen upon deaf ears in America. We manfully played well our part in the great war. Not only did we furnish our allies with provisions and munitions of war, not only did we cut our purse strings loose and loan them billions of dollars but what is far more, in the hour of their greatest need we armed, equipped, and sent across the seas over 2,000,000 as brave and as efficient soldiers as ever faced an enemy's gun.

Not only this, but recognizing the capacity of our allies' ability to pay, we scaled in some instances as much as 75 per cent the debts they owed to us.

International law, as well as the decisions of our own Supreme Court, sanctifies the right to confiscate property taken from alien enemies in times of war. Far be it from me, even remotely or indirectly, to criticize the action of our allied countries in asserting a right granted to them not only by the law of nations but in the treaty of Versailles. We are not the conscience keepers of Europe, nor are they the conscience keepers of America.

Therefore, without intending to reflect even in the remotest degree upon those so lately associated with us in a common cause for a great objective, we have brought in a bill measured as best we could by the American standard of justice and equity. [Applause.]

This matter has been pending a long time. Many bills have been introduced providing for a settlement. Extensive hearings have been held. There are many claims of different individuals against Germany. We are holding the property of many German citizens. We have seized radio stations, and we have taken over over 2,000 German patents. Germany owes us about \$255,000,000 for the expenses of our Army quartered in Germany after the war. Under the Dawes plan we receive annually 2½ per cent of the amount available for

reparations, or about \$11,000,000 each year to be applied to the settlement of claims of American nationals against Germany.

The Dawes plan also provides that we should be paid our Army costs at the rate of about \$13,000,000 per year. But this bill has nothing to do with the cost of the army of occupation.

Germany owes American citizens \$180,000,000, in round numbers, and owes the United States about \$60,000,000, in round numbers. We hold the property of German citizens estimated at a value of from \$350,000,000 to \$400,000,000. We hold two radio stations estimated to be worth considerably less than \$1,000,000, and we have over 2,000 patents whose value has been placed around \$7,500,000. We have also seized certain vessels the value of which has not yet been determined.

The problem confronting us was how to restore to individual owners of German property the property now in the hands of the Alien Property Custodian and how to protect the rights of the American claimants and those of the United States without cost to the taxpayers of the country. This, I believe, we can do.

It might be well at this time to recite a brief history of how this property came into our hands, and just what kind of claims American citizens have against Germany.

The claims we have against Germany and which awards have been made can be divided into two distinct classes. First, claims which arose when the United States was a neutral nation and before war was declared. American citizens owned manufacturing plants in Germany and in Belgium. When Germany declared war it was found by the German Government that these plants could be used advantageously, so they were taken over by the German Government by requisition. These plants were taken over without paying any compensation to the American owners. Such claims as these fall in the first distinct class of American claims against Germany.

The second class of American claims arose from the sinking of vessels by unlawful submarine warfare. Among these claims may be mentioned the claims for the *Lusitania* victims and others who perished in that unlawful warfare, as well as the ships and property destroyed. Included in this class of claims will also be found the insurance claims upon which there has been much controversy.

Awards in these claims have already been made by the Mixed Claims Commission and the amount of damages has been fixed. This commission is composed of one representative from the German Government and one representative from the Government of the United States, and a third member, the umpire, who is a citizen of the United States—Judge Parker, of Texas.

These awards are also divided into two separate and distinct classes. First, the claims of American citizens, and second, the claims of the United States Government.

When the United States declared war against Germany all the property of individual Germans located in the United States was seized by our Government and placed into the hands of an Alien Property Custodian. The value of this property has been roughly estimated to be between \$350,000,000 and \$400,000,000. Some of this property has been sold and the proceeds invested in Liberty bonds. It is estimated that at least \$180,000,000 has been so invested. Upon these bonds there has accrued an unallocated interest amounting to about \$33,000,000. At the same time two radio stations were seized by the United States and also about 2,200 German patents registered in the Patent Office were taken over by our Government, and some of them were used. The value of the radio stations and the patents is yet to be determined, but the former is estimated to be worth less than \$1,000,000 and the latter around \$7,500,000.

But this is not all of the German property in our hands. At the outbreak of the war a number of German vessels trying to escape capture entered the ports of the United States, seeking refuge in the haven of a neutral nation. When we declared war on Germany these vessels were seized by the United States.

There has been more controversy about how we are going to determine the value of those ships which the Government of the United States seized than anything else in the bill. Very few of them, of course, belong to the German Government. In case there were any war vessels belonging to the Government we kept them. We did not turn those back and they are not involved in this matter at all. We had much discussion over what the value of these ships should be. It is, perhaps, necessary, in order to have a full understanding of this bill, to go into that question now, because around the value of these ships circles the only appropriation that we make in this bill; and the question has been asked me repeatedly. How much are the American people, how much are the American tax-

payers, going to have to pay to get out of this muddle? If we adopt the principle that we do not want to confiscate the property of an individual citizen to pay the debt of a nation, I say unhesitatingly that according to the provisions of this bill, after allowing for what the American Government owes for the property it took, the American taxpayers will be charged nothing under this bill.

Mr. SCHAFER. Will the gentleman yield for a question?

Mr. COLLIER. With pleasure.

Mr. SCHAFER. The gentleman says the only cost to the American taxpayer will be payment for these ships. How about the millions of dollars worth of patents that were sold?

Mr. COLLIER. I should have included them with the ships.

Mr. SCHAFER. And how about real estate, for instance, like the real estate in Milwaukee that was looted by Government officials and the property raided and exploited? Who is going to pay the owners of that property the reasonable value of it, because the amount that was received at such sales was sometimes 25 per cent of the assessed valuation or the market value?

Mr. COLLIER. I will say to the gentleman I should have included with the ships, because it should all be taken together, about 2,200 patents that we seized and two radio stations. The value of the patents is very hard to determine. The best estimate we can get is about seven and a half million dollars. In the value of the two radio stations, the best estimate we can get, is a trifle under \$500,000, and we might say that \$1,000,000 will be the advance payment as to that feature.

The American Government took these vessels. We dismantled a great many of them. We sold some of them. We turned some of them into other kinds of vessels; and if we adopt the theory that we are going to pay for or return to private citizens property which we took, instead of using such property to pay a nation's debts, then we owe for whatever we took along that line.

Mr. BOX. Will the gentleman yield for a question?

Mr. COLLIER. With pleasure.

Mr. BOX. Is the gentleman able to give the House any indication of the amount that the Government of the United States will probably have to pay for the vessels to which he is now referring?

Mr. COLLIER. I can give it to you, I think, just about as well as can be determined without actual figures, and I am coming to that point.

There is a great difference of opinion in the valuation set up by American authorities upon these vessels and the valuation set up by the owners, which is not strange. It is never strange that a man who has something to sell and another man something to buy that they do not each put a very high value upon their particular interest in the transaction. We estimate these vessels to be worth somewhere in the neighborhood of \$33,000,000 or \$34,000,000, whereas the German authorities estimate them to be worth in the neighborhood of 10 times that amount.

Now, here is the test, here is the yardstick, here is the way the value is going to be determined: By an agreement between the interested parties, between the Government of Germany and the Government of the United States, it has been determined that the value of these ships will be what their value was at the time they were seized, taking into consideration the fact that delivery of these vessels could not be made until after the close of the war, which was some time in 1921.

Mr. WAINWRIGHT. Will the gentleman yield?

Mr. COLLIER. In just one second and then I will yield to the gentleman from New York.

In other words, we determine the value of these vessels to be what they were worth at the time we took them, allowing for the fact that delivery could not be made at any fixed period. It might have been 2 months or 2 years or 10 years. That is a definition that we had nothing to do with, because it was made by the powers.

This is the measure and the yardstick by which this amount is to be determined; and I will say to the gentleman from Texas that under no circumstances can this amount exceed, together with the 2,200 patents and the radio station, \$100,000,000. This bill provides for an authorization of only \$50,000,000, and it is the hope of the members of the committee that when the proper officer passes upon these matters it will fall within the \$50,000,000.

I now yield to the gentleman from New York.

Mr. WAINWRIGHT. In estimating the value, of course, there will be taken into account the fact that these vessels to a large extent had been wrecked by the owners of them themselves and their machinery destroyed, so that they could not be of any great use to us.

Mr. COLLIER. Of course, it will be the value of them when we got them. If they destroyed an engine, for instance, worth so many thousand dollars before we got hold of the vessel, then, of course, that has to be subtracted from what it was worth when we got hold of it. The gentleman from New York is quite correct.

Mr. WAINWRIGHT. One further question, so that there may be no misapprehension about it. In seizing these ships we violated no principle of international law or of warfare. We proceeded entirely within the customary procedure.

Mr. COLLIER. Certainly; the United States proceeded just as it should have done.

Mr. WAINWRIGHT. Furthermore, the Supreme Court has determined that to-day under international law not only the possession but the title of these ships passed to the United States.

Mr. COLLIER. Absolutely. I suppose that is understood by all. If we wanted to, we could take the \$400,000,000 of German property in the hands of the Alien Property Custodian, take the radio stations, and take these patents and these ships, convert them to our own use, and put the proceeds into the Treasury of the United States. If we had done that, there would have been no need for this bill. The gentleman is quite correct. But you must bear this in mind: These ships were of no use to Germany until after the war was over. They were interned, and if they had gone out on the seas they would have been captured, and that is a material factor which lessens the value of the vessels.

Mr. WAINWRIGHT. One further question. Did the committee consider the fact that if the vessels had been on the high seas they would have been seizable, and that possibly there was a question as to whether the same rule does not apply to vessels that were already in port?

Mr. COLLIER. I will say to the gentleman that the question of the valuation of the vessels was already determined. We had to take the yardstick as we found it. The determination of the value was not given to us, but there is no doubt that when the interested parties came to the agreement they took into consideration these things which the gentleman mentions.

Mr. WAINWRIGHT. Perhaps the gentleman misunderstood my question. My question was whether the vessels might not be regarded as prizes of war when lying in the ports of the United States as if they had been captured on the high seas?

Mr. COLLIER. I think there is a distinction in that. Those vessels in our ports came here as a haven of refuge, and all we had to do was to send sailors aboard to take care of them. I think there is a marked distinction between the two cases.

Mr. McKEOWN. Will the gentleman yield?

Mr. COLLIER. I will yield to the gentleman.

Mr. McKEOWN. I think we all agree that the seizure of the German vessels was lawful and we had a right to retain them. But does not this matter resolve itself into this: That this is a mere gift of property legally awarded to the United States by international law, and would it not be better for Congress to say that we will give them \$30,000,000 or \$40,000,000, and fix that amount than it would be to have arbitrators who may run it up to \$100,000,000? Why not give them that amount?

Mr. COLLIER. That is a matter for the House to pass upon and decide. The committee decided otherwise.

Mr. WELLER. Will the gentleman yield?

Mr. COLLIER. I yield to the gentleman from New York.

Mr. WELLER. Somewhere in the reports I recollect a decision in which the Supreme Court held that the possession or the title of this property under the trading with the enemy act was in the hands of the United States as a common-law trust. In other words, there was a seizure but the title was no better than that of a common-law trust. Does the gentleman recall that decision?

Mr. COLLIER. I have an indistinct recollection of such a decision but I am not familiar with it.

Mr. HASTINGS. Will the gentleman yield?

Mr. COLLIER. I will.

Mr. HASTINGS. The gentleman from Mississippi has stated that there is a limitation to the amount the Government shall be obligated to pay to the German nationals for vessels and radio stations and other claims of \$100,000,000. In view of the declarations that are contained in the second section of this bill, to the effect that the claims of German nationals against the United States for compensation for certain of their ships, radio stations, patents, and so forth, seized by the Government of the United States shall be adjudicated and the amount determined to be due shall ultimately be paid in full, does the gentleman believe that the limit of \$100,000,000 is worth very much to the Government of the United States if the claims commission should determine that the aggregate was \$160,000,000 or \$200,

000,000? I say, in view of the declarations we have made that they shall ultimately be paid in full, does not the gentleman think that when we have paid the \$100,000,000 authorized by this bill and it is found that the claims allowed exceed that that they will not come back here and, under the terms set forth in section 2, claim payment for the remainder?

Mr. GREEN of Iowa. Will the gentleman from Mississippi permit me to answer the gentleman from Oklahoma?

Mr. COLLIER. I have an answer to that, but I will yield to the gentleman from Iowa.

Mr. GREEN of Iowa. There is a provision in the bill that anyone receiving any sum under the provisions of the bill shall be deemed to have consented to all of the provisions of the bill, and would thereby be estopped from making any further claims.

Mr. COLLIER. The gentleman has told you that claims are forever barred after a man has once accepted settlement. There is another reason why what the gentleman apprehends is not true. We have just as good experts on valuation as the other side, and they have determined at the outset that this valuation is not over \$33,000,000. We hope it will be less than \$50,000,000. If I believed as the gentleman does, I would have insisted on an amendment, but we have the bill so drawn that he will find that the gentleman from Iowa [Mr. GREEN] is correct, and that wherever anyone accepts a dollar under this bill he consents to all of the provisions of the bill, and is forever barred from afterwards making any more claims.

Mr. HASTINGS. Mr. Chairman, will the gentleman yield further?

Mr. COLLIER. Yes.

Mr. HASTINGS. Let me invite the gentleman's attention to the particular clause that I read from section 2, where we are determining the policy, and this is a congressional act of the United States. Lines 11 and 12 on page 2 provide that these claims shall be adjudicated and the amount determined to be used shall ultimately be paid in full. It seems to me that that commits our Government to the ultimate payment of whatever amount may be found by the commission.

Mr. LaGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. Yes.

Mr. LaGUARDIA. Are we not somewhat inconsistent if in section 2 of the bill we broadcast to the whole world that we adhere to the great American principle of not confiscating private property taken by the Government, and then later on say, "You will take what we give you and keep quiet"?

Mr. COLLIER. No; we do not say that. We say, "We will give you what it is worth, measured by the American standard." It is not the custom to give a man who has something to sell all that he asks. I do not want to appear in the rôle of a prophet or anything like that, because my prophecies in the last several years, especially upon political matters, have been a little bit out of joint; but I feel the spirit of prophecy growing within me, and I will say now to the gentleman that he will find that these claims will be within the \$100,000,000.

Mr. LaGUARDIA. Let us hope so.

Mr. COLLIER. It is the hope of the committee that they will be within \$50,000,000.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. Yes.

Mr. SCHAFER. Will the gentleman explain why this one man appointed by the President at a salary of \$15,000 a year, turning aside the civil-service requirements in respect to his employees, should have such great authority in determining the amount and spending so much of the people's money?

Mr. COLLIER. I shall come to that a little later.

Mr. SCHAFER. Is not that permitting the executive branch to encroach still further upon the rights of the legislative branch?

Mr. COLLIER. I shall discuss that a little later. I want now to see how we are going to pay for this matter without its costing the American people anything.

Mr. WILLIAMSON. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. Yes.

Mr. WILLIAMSON. Section 2 provides that Germany shall pay off her nationals according to the findings of the Mixed Claims Commission in full. Does that mean that Germany may pay them off in depreciated German currency, or must it be paid off on the value of the mark at the time that these claims originated.

Mr. COLLIER. I do not understand what the gentleman's question is. Germany does not pay off anything.

Mr. WILLIAMSON. When you come to make a settlement of American nationals against Germany for any property Germany has taken of American nationals over there, what will be the basis of the settlement?

Mr. COLLIER. The bill provides for an arbiter to be appointed. He will sell the property. If they say it is worth \$1,000,000 and it brings in only \$800,000, then the \$800,000 will be turned over.

Mr. WILLIAMSON. And that is all that they will get?

Mr. COLLIER. That will be turned over to the property owners and that is all that the property will have brought on the market. We are going to sell all of this property. It is contemplated that all of it shall be sold, and we are going to withhold 20 per cent, which I shall explain later.

Mr. MURPHY. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. Yes.

Mr. MURPHY. I notice the claim of Grover C. Bergdoll for seven hundred and odd thousand dollars. Is that claim to be paid now before Germany pays any of the American nationals?

Mr. GREEN of Iowa. There is a special provision that that claim shall not be paid.

Mr. MURPHY. Do I understand that we are going to pay the German nationals what we owe them, and that the German Government is not settling at the same time on the same identical basis with American nationals?

Mr. COLLIER. That is what I have been wanting to talk about.

Mr. MURPHY. I hope the gentleman will give us the information.

Mr. COLLIER. I shall do the best I can. Here is the way we have worked out this plan. There is \$180,000,000, money and Liberty bonds, in the hands of the Alien Property Custodian belonging to German nationals. There is also about \$33,000,000 of unallocated interest in the hands of the Alien Property Custodian. This bill authorizes the appropriation of \$50,000,000 to pay for the ships. We are going to provide, if I may use a plain, ordinary term, a general pot. We shall first put into that pot one-half of the money, \$50,000,000, that we appropriate, which will be \$25,000,000. The other \$25,000,000 will be placed aside to pay for ships. The bill provides 50 per cent of German-owned vessels, radio, and patents shall be paid as soon as determined, which will take a long time; so we are going to take—arbitrarily take, if you please—\$25,000,000 of the money, of \$50,000,000 this bill authorizes, and put it in the pot. We are then going to take \$40,000,000, about 20 per cent of German money in the hands of the Alien Property Custodian, and put it in the pot. That gives \$65,000,000—\$40,000,000 and \$25,000,000—and then there are \$14,000,000 of reparations, 2 1/4 per cent that Germany paid us to take care of these claims. We are going to put that in there. That will give \$79,000,000; and then we take \$25,000,000 of this unallocated-interest fund and put it in the pot. That will give us a fund of \$104,000,000. Well, now, with \$104,000,000 we are going to pay off the claims of American nationals in a certain priority. We will pay first the expenses of the commission, the expenses of the salaried officers, and everything connected with the settlement.

The second priority will be the claims of personal injuries, those people who lost their lives on the *Lusitania* and other vessels, amounting to about \$3,600,000. Next we pay every American claimant whose claim is not over \$100,000 all we owe him. In other words, every American claimant whose claim does not exceed \$100,000 will be paid in full from the fund in the pot we have created. The next priority will be in allowing \$100,000 to every American claim that did not secure any relief by the priority just before that. That will amount to some \$17,000,000. The personal injuries are \$3,600,000; claims of \$100,000 or less amount to \$30,000,000. One hundred thousand dollars additional on all American claims amount to about \$17,000,000, leaving in round numbers something like \$51,000,000. We will then take the entire amount of claims—one hundred and seventy-nine and some odd millions—and take 80 per cent of that amount, which will be in round numbers about \$144,000,000. Upon a pro rata basis all American claimants, based upon 80 per cent of all the claims, will share in what is left in the fund or pot. The balance will be amortized and paid off in installments as the reparations come in.

Mr. GREEN of Iowa. Will the gentleman yield for a moment?

Mr. COLLIER. I will.

Mr. GREEN of Iowa. I intended to state what the gentleman is very familiar with, that this arrangement in reference to priority was made between the claimants themselves by a matter of mutual agreement. They have all agreed to it.

Mr. COLLIER. I do not believe I stated that, and I thank the gentleman for drawing my attention to it.

Mr. GREEN of Iowa. I intended to state that when I was making my statement, but overlooked it for the moment. The big claimants on the American side agreed that the small claimants should be paid ahead of them and the reason of the

difference in percentage as between payments to Germans for property in the hands of the Alien Custodian and payment for ships, radio, and so forth, is because the German claimants among themselves agreed that those claims on the Alien Property Custodian were in greater need and ought to have a little advantage, so one is 80 per cent and the other is 50 per cent.

Mr. COLLIER. Now, we have five priorities. What is the next thing to do? We agree in this bill to pay the German shipowners 50 per cent. We have set aside \$25,000,000, appropriated to pay for ships, and put it in the pot and put \$40,000,000 of German money in the pot—that is, money we took from the German alien property custodian. How do we settle these amounts? We settle the claim with the interest at 5 per cent. We pay these amounts back by amortizing this debt over a period of 18 years.

Well, we are not through yet. There still remains \$25,000,000 of interest which we took from the Alien Property Custodian. It will take two years and two months to amortize that, and at the end of 26 years, from December 1, 1927, every American claim will be paid in full and the German nationals will receive back all the property that we took from them. All this is based upon the assumption, of course, that the payments under the Dawes plan of \$10,700,000 annually shall be paid.

But we are not yet through. There is about \$60,000,000 that Germany owes the United States. We also were in the insurance business and lost some ships. We lost money on some of our ships. Germany owes the United States about \$60,000,000. Here is where the committee may be criticized, because we preferred all other creditors over the Government of the United States. We made the Government of the United States the most deferred creditor; and it will take about six or seven years after the 26-year period elapses before all the Government's claims will be liquidated, because the Government will not receive its payment until the other claims are satisfied, which will be 26 years after September 1, 1927.

There were three reasons for making the Government the deferred creditor. One was that in the treaty of Berlin the Government of the United States preferred itself above its own nationals.

I do not criticize that, but if the Government of the United States in the first instance preferred itself before its own nationals and in the second instance preferred itself before its own nationals, it did not look consistent. The second reason was that unless we had pursued that plan and made the Government the deferred creditor we did not see how we could bring in this bill, because the relations and considerations were so interwoven that if we were to change any part of the plan here agreed upon we would put the whole thing out of joint.

There is a third reason, my friends. If the Dawes-plan payments are kept up, the United States will be a gainer instead of a loser by the transaction. Mr. Mellon, the Secretary of the Treasury, has repeatedly stated before the Committee on Ways and Means that the United States can now borrow money at 3 1/2 per cent, or even less, and during all this period the United States will be receiving interest at the rate of 5 per cent on these bonds.

Mr. JACOBSTEIN. Mr. Chairman, will the gentleman yield there for a question?

Mr. COLLIER. Yes.

Mr. JACOBSTEIN. The United States Government becomes a deferred creditor, so far as insurance claims are concerned, does it not?

Mr. COLLIER. Yes; so far as insurance claims are concerned.

Mr. JACOBSTEIN. Do private insurance companies also become deferred creditors?

Mr. COLLIER. They are like all others under the Mixed Claims Commission.

Mr. JACOBSTEIN. Why should not private insurance companies be placed on the same basis as the United States Government with respect to their claims?

Mr. COLLIER. That is quite a question.

Mr. JACOBSTEIN. It is a fair question, is it not?

Mr. COLLIER. Reason number two was a compelling reason. The only way we could secure the settlement we sought—and I would like either the gentleman from New York or the gentleman from Iowa or the gentleman from Illinois to correct me if I am wrong—was to make the United States the deferred creditor in order to secure the passage of the bill.

Mr. JACOBSTEIN. Are we not turning back a policy established by this Government in the settlement of claims arising out of other wars? Private insurance companies never were paid, as they are being paid in this bill. Why do we give them

this preferred status over the United States Government, when under the *Alabama* claims they were not paid a cent? The policy of the Government in the *Alabama* claims was not to allow those claims of the private insurance companies, except where actual losses were suffered.

Mr. COLLIER. Let us look at these insurance claims. Here is an insurance of \$10,000 on a piece of property unquestionably worth \$20,000. The property is destroyed; is a total loss. The Government of Germany pays the insurance company \$10,000, which they paid out to the insured, but the insured is \$10,000 a loser. The Government of Germany pays the insured \$10,000, but the insured does not get his premium. He only gets back his loss.

There has been much contention, perhaps, over those matters, but I will say personally that I was about as much dissatisfied with a great many of the insurance provisions as any other Member of the House could be, but the committee decided that if we wanted to bring in a bill we could not go behind the findings of the Claims Commission. This commission, it should be understood, was not an *ex parte* commission. It was not a commission created by the United States. It was a commission of one German citizen appointed by its Government and one American citizen appointed by its Government, and with all deference to Germany itself, I think she could have insisted with propriety on a neutral in the composition of that commission. But Germany agreed to an American citizen, Judge Parker, of Texas, as the umpire, and from all the testimony I have been able to gather Germany's confidence was in no wise misplaced by her agreement in that regard. If we had departed from the Mixed Claims Commission's findings, we would have been at sea.

Mr. JACOBSTEIN. Has not the United States the right to lay down a policy by which those sums will be allocated, just as we did in 1874, and again in 1882? Are we not reversing an American policy, right or wrong, regardless of the equity of the matter? Are we not reversing the American policy in recognizing and paying claims of insurance companies?

Mr. COLLIER. The gentleman is in favor of adhering to the precedent set in the case of the *Alabama* claims?

Mr. JACOBSTEIN. This Congress is proposing to reverse the American policy.

Mr. OLIVER of New York. I think if the gentleman will examine into that, he will find that a special court of claims was set up and paid those claims. We also reversed the American policy when the Government went into the insurance business, appeared before the Mixed Claims Commission and received awards the same as private companies on the identical ships for which private companies were given awards; so I do not believe there is much American policy in the statement the gentleman made.

Mr. JOHNSON of Texas. Will the gentleman yield for a question?

Mr. COLLIER. Yes.

Mr. JOHNSON of Texas. I wish the gentleman would give the House some information as to the amount of the insurance claims.

Mr. COLLIER. I do not know exactly. I will ask the gentleman from Iowa [Mr. GREEN] as to that. However, I believe they are in the neighborhood of \$40,000,000 or \$20,000,000.

Mr. GREEN of Iowa. About \$40,000,000 with the interest.

Mr. LAGUARDIA. There are 12 companies that have received awards of over \$1,000,000?

Mr. COLLIER. Yes. Now, there is one class of claimants that will not receive any relief, and I will miss my guess if we do not hear from them on the floor. They are the owners of German securities. I want to say I have profound sympathy for some of them because of the cases which have been related to me. The Mixed Claims Commission took the position that any German bond that matured during the period of the war should be considered, and that the American owner of that bond had a just claim, but if the bond matured after the war was over, the bond being only a mere promise to pay, the commission could not say what that bond would be worth at the date of payment, say, in 1925, 1926, 1930, or whatever date it might be, and therefore that they had no jurisdiction; that this citizen had, as one of them expressed it, made an unfortunate transaction. Now, I can conceive of instances, and I have been told of instances, that are very repugnant to my sense of justice. I have been told that in several of our cities there have been German manufacturers who were doing a good business, and American citizens, upon their solicitation, purchased bonds which were payable in marks. At the time they purchased those bonds the mark was worth real money. But we have seized the property and we turn back to the Germans the value of the property, and then when the bond becomes due,

so I have been told by these claimants, all the owner will get will be some paper which is practically worthless. I do not see how the committee could remedy that situation. I myself brought it up several times in trying to get a bill that would be just and equitable to everyone.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. COLLIER. Yes.

Mr. GARRETT of Tennessee. I want to ask the gentleman what the situation is with reference to the citizens of Germany who hold the same character of securities as those held by nationals of America, to which the gentleman has just been referring. Have they gotten just the same character of marks that our people will get?

Mr. COLLIER. As I understand it, these marks were valued at 16 cents. I want to ask the gentleman from New York [Mr. MILLS] whether I am correct in stating that the agreement fixed the value of the marks at 16 cents. That is where the bankers come in on certain funds that were on deposit over in Germany.

Mr. GARRETT of Tennessee. I think, perhaps, I did not make my question clear and I do not know, of course, what the situation is. What I am driving at is, if any of these concerns have been liquidated and the holders of the securities have been settled with whether or not the nationals of Germany who hold the securities do not get the depreciated mark just as our nationals.

Mr. COLLIER. I failed to understand the gentleman's question. I am not informed as to that. However, these bonds are going to be paid according to the tenor of the bond. I understand it has never been the practice in Germany to insert the words "payable in gold" like we do in so much of our paper over here. That has never been the practice and they will be paid in paper. I mention that to the committee because I am sure it will be brought up on the floor and will probably be discussed at greater length under the five-minute rule.

Now, one other thing and then I am through. The gentleman from Wisconsin asked me about the arbiter, and whether it was not a dangerous proposition to place all of this power in the hands of one man who did not have a civil-service standing. Well, it goes without saying that this arbiter, whoever he may be, will have, of course, a tremendous responsibility. He will be charged with the duty of passing upon the value of millions and millions of dollars' worth of property; but, gentlemen, we have got to put the responsibility somewhere; we have got to trust something to human nature; and we have done the best we could in the bill, hoping we will get the right kind of an arbiter, and we certainly have no right to say in advance that we will not get a fair and honest one under those conditions.

Mr. SCHAFER. Will the gentleman yield?

Mr. COLLIER. Yes.

Mr. SCHAFER. Would it not be well to include an amendment requiring the appointment to be confirmed by the Senate, because we do not always get the highest class of people appointed to office by the Executive?

Mr. COLLIER. Well, I do not know whether this remark is exactly parliamentary, but I want to say that I think the Senate will perhaps attend to that part of it when the bill gets over there. [Laughter.] That question was brought up in the committee, and I want to say to the gentleman from Wisconsin that, whether we were right or wrong, we were all the way through animated by one purpose, and that was nonpartisanship and to keep it out of politics. I think that in a way answers the question of the gentleman.

I apologize to the House for taking up so much of its time. [Applause.]

Mr. GREEN of Iowa. Mr. Chairman, I yield 30 minutes to the gentleman from Oregon [Mr. HAWLEY].

Mr. HAWLEY. Mr. Chairman, it is my purpose to speak on one subject only, and that is the payment of the amounts of claims due the several claimants provided for in the bill; the amounts of the claims, the sources from which the moneys will be obtained to pay them, and how the moneys will be distributed among them. The amounts I have taken as the basis of these remarks are the amounts furnished the committee by the representative of the Treasury and appended to the report which I append to my remarks. The amounts are not certainly ascertained. Some of the American claims have not yet been decided and may not be for some time. There are certain suits pending in the courts affecting the amount of money to be returned under the bill to the German property owners, and the amounts to be allowed to the owners of ships, radio stations, and patents have never yet been acted upon by

any tribunal. There may be some difference in the final adjustment from the amounts I am discussing, but it will not disturb the principle of the distribution, nor will it affect the time of the payment of the accounts to any material extent.

FOUR KINDS OF CLAIMS

Claims of four kinds requiring payment in money exist between the United States and her citizens and Germany and German citizens.

First is the cost of the American army of occupation, amounting to about \$255,000,000, and the settlement of this account is not included in the bill. Payment of this is provided by treaty as a preferred charge upon the reparation payments made by Germany in the amount of \$13,000,000 yearly; that is, 55,000,000 gold marks. On this account about \$28,000,000 have already accrued or will have accrued by the first of September of the coming year, and the balance will be paid in a little over 17 years. The United States, therefore, in its major claim against Germany, will have been paid its full army cost of occupation before the other claims are paid in full.

Under the treaty this army of occupation account bears no interest.

There remain then three accounts to be settled under the provisions of the bill. The first is the claims of the American citizens under awards made by the Mixed Claims Commission amounting to approximately \$180,000,000. I stated there were a number of claims yet undetermined, and I am taking the Treasury figures for this amount. Claims amounting to \$99,320,000 have already been allowed, which, with interest to January 1, 1927, of \$39,944,000, amount to \$139,264,000. It is estimated that claims in the principal sum of \$28,500,000 will yet be awarded, which with interest to January, 1927, of \$11,500,000, will total \$40,000,000 more. Adding the claims already awarded, with interest to January 1, 1927, of \$139,264,000, to those yet to be allowed, with interest to January 1, 1927, the total is \$179,264,000. This total under the provisions of the bill is regarded as the principal sum, a new principal sum, and bears simple interest at the rate of 5 per cent per annum until paid. This interest is a part of the award made by the Mixed Claims Commission.

The Mixed Claims Commission also made awards to the United States of \$42,000,000, which with interest to January 1, 1927, of \$18,000,000, amounts to \$60,000,000 on that date, and this will continue to bear interest at 5 per cent until paid.

The third item of unsettled accounts is the money and property in the custody of the Alien Property Custodian. Part of this is held in the Treasury in the form of money or securities, bonds, stocks, and other evidences of indebtedness; and part of it is held by the custodian in the form of property. It is estimated at \$250,000,000 after subtracting therefrom the amount given in the report as the unallocated interest belonging to Austria, Hungary, and various allies on the German side, and the amounts involved in the suits against the fund in the United States courts, based upon a probable estimate of the amount that will be allowed upon such suits. Twenty-five million dollars of this sum of \$250,000,000 is the interest or earnings accruing prior to the passage of the Winslow Act of March 4, 1923, and is referred to as the unallocated interest, and \$17,000,000 is the interest or earnings on the property accruing since the passage of the Winslow Act, which have not been distributed—but are to be returned as part of the property—since the Winslow Act provided that not more than \$10,000 could be paid to any one person in any one year, and a great many of the accounts earned more than that. So that the accumulations to be distributed amount to practically \$17,000,000. Subtracting these two amounts, the first of which is a deferred payment and the second of which will be paid out of the account itself without special legislation, will leave in this account to be paid to the Germans a principal sum of \$208,000,000. The amount of \$25,000,000 will be returned to its German owners as the last item of payment in the settlement of the claims of citizens, as I will explain later.

And, fourth, there are the ships, radio stations, and patents taken from the German owners by the United States, which are to be paid for by the United States in a sum not exceeding \$100,000,000 for all of them, the \$100,000,000 including interest up to the date of the award.

The bill proposes the appointment of an arbiter, who will have summary powers to hear and determine the cases. If the awards are less than \$100,000,000, the Government will pay only that amount. If the awards with interest are in excess of \$100,000,000 the arbiter will scale them down pro rata, so that the amount to be paid, including principal and interest, as finally allowed will be not to exceed \$100,000,000.

The three classes of claims last mentioned comprise a total of \$590,000,000, and all bear simple interest at the rate of 5 per cent per annum until they are completely paid.

In making these settlements the only appropriation of money to be made out of the Treasury of the United States will be the amount necessary to pay the awards as finally determined by the arbiter for ships, radio stations, and patents taken by the United States. Fifty per cent of such awards will be paid the owners within a short period, and 50 per cent will be deferred for uses hereinafter explained.

HOW EXPENSES OF ADMINISTRATION WILL BE PAID

All the costs of the administration for the settlement is to be a first charge on all payments made, at the rate of one-half of 1 per cent. That is, when the Treasury makes a payment of, say, \$10,000 to any person, it will deduct one-half of 1 per cent, or \$50, and the payee will receipt for the full \$10,000.

PLAN OF SETTLEMENT

In general, the plan proposes to pay, as soon as possible (a) to the American claimants approximately 80 per cent of the total value of the awards, including interest to January 1, 1927; (b) return 80 per cent in value of the property of German citizens held by the Alien Property Custodian, including interest accruing after the approval of this act; and (c) 50 per cent of the value of the awards made by the arbiter, including interest.

The remaining 20 per cent due American claimants, with interest, the 20 per cent due German claimants, with interest, and the 50 per cent due owners of ships, radio stations, and patents will be put in a deferred class and all owners will share pro rata in the 2½ per cent Dawes payments of \$10,710,000 annually until such claims are paid in full, with simple interest at 5 per cent per annum.

There will also be deferred claims as follows, given in the order of their precedence:

(a) Payment of the \$25,000,000 of unallocated interest attributable to German funds and property held by the Alien Property Custodian out of the 2½ per cent Dawes annuities, accruing after the American claimants, the owners of German funds and property in the hands of the Alien Property Custodian, and the German owners of the ships, radio stations, and patents have been paid in full or their claims extinguished. This account bears no interest.

(b) Payment of the awards made by the Mixed Claims Commission to the United States—\$60,000,000, with simple interest at 5 per cent. This will also be paid out of the 2½ per cent Dawes annuities.

Further comment on these will be given later, following the order of precedence.

FUND FOR THE PAYMENT OF 80 PER CENT OF THE AWARDS OF MIXED CLAIMS COMMISSION TO AMERICAN CLAIMANTS SPECIAL DEPOSIT ACCOUNT

There is created in the Treasury a fund to be known as the special deposit account from the following sources and to be used in paying 80 per cent in value of the awards made to American claimants:

(1) 20 per cent of the German funds and property in the hands of the Alien Property Custodian; this being temporarily detained for deferred payment	\$40,000,000
(2) Unallocated interest on funds deposited in the Treasury by the Alien Property Custodian, German share	25,000,000
(3) 2½ per cent Dawes annuities to Sept. 1, 1927	14,000,000
(4) One-half of the first appropriation of \$50,000,000 to pay German owners of ships, radio stations, and patents	25,000,000
Total	104,000,000

PAYMENTS TO AMERICAN CLAIMANTS FROM SPECIAL DEPOSIT ACCOUNT

These claims will be paid as follows, as of January 1, 1927:

391 death and personal-injury claims, paid in full, with interest to Jan. 1, 1927	\$3,630,220.14
2,142 awards, not included in above, where the amount is \$100,000 or less in each case	30,210,073.75
178 awards exceeding \$100,000 each; \$100,000 will be paid on each	17,800,000.00
Total	51,640,293.89
If such awards can not be paid until Sept. 1, 1927, add interest from Jan. 1, 1927, to Sept. 1, 1927	1,731,000.00
Total	53,371,293.89

This is the first step in the settlement with the American claimants, paying all claims of \$100,000 or less in full, and \$100,000 on the remaining 178 claims exceeding \$100,000 each.

DISTRIBUTION OF THE BALANCE REMAINING IN SPECIAL DEPOSIT ACCOUNT

We will now ascertain how much remains in the special deposit account available for distribution pro rata among the 178 claimants not paid in full:

Special deposit account.....	\$104,000,000.00
Deduct amount distributed as of Sept. 1, 1927.....	\$53,361,293.89
Interest on unpaid balance of \$91,759,706.11 from Jan. 1, 1927, to Sept. 1, 1927.....	3,059,000.00
	56,420,293.89
Balance to be apportioned to 178 claims.....	47,579,706.11

The distribution of \$47,579,706.11, plus the 2½ per cent Dawes annuities accruing during the period, will effect further but not complete the payment of the 80 per cent of the value, with interest, of the 178 American claims. I have worked this out in some detail as the best explanation of the financial operations under the bill, so far as it concerns the payment of 80 per cent of the American claims from the special discount account. This account is now exhausted, and the payment of the balance of the 80 per cent to the 178 claimants so far unpaid will be made from the 2½ per cent Dawes annuities.

PAYMENT OF THE BALANCE DUE THE 178 CLAIMANTS SO THAT THEY MAY RECEIVE 80 PER CENT OF AMOUNTS DUE THEM

This balance, principal and interest, amounts on September 1, 1927, to \$44,180,000. It bears interest at the rate of 5 per cent per annum and will be paid out of the 2½ per cent Dawes annuities, or \$10,710,000 per year by September 1, 1933, with a balance over of \$1,670,000 to be applied on deferred American and German claims.

By September 1, 1933, there will have been paid the 80 per cent of the awards to American claimants, 80 per cent of the German property in the custody of the Alien Property Custodian will have been returned, and the owners of ships, radio stations, and patents will have received 50 per cent of the awards made to them, and leave a balance of \$1,670,000 to apply on the payment of deferred claims.

PAYMENT OF THE DEFERRED AMOUNTS DUE CITIZENS OF THE UNITED STATES AND GERMANY

These amounts are as follows:

20 per cent of American awards of \$180,000,000.....	\$36,000,000
20 per cent of German property in custody of Alien Property Custodian.....	40,000,000
50 per cent of claims of owners of ships, radio stations, and patents.....	50,000,000
Total.....	126,000,000
Less credit above stated of.....	1,670,000
Balance still to be provided for.....	124,330,000

The claimants of the awards and the owners of the property listed above will share pro rata in the 2½ per cent Dawes annuities, \$10,710,000 yearly, and be paid in full principal and interest at 5 per cent in 18 years.

PAYMENT OF UNALLOCATED INTEREST DUE GERMAN CITIZENS

The \$26,000,000 in the unallocated interest fund, attributed to German property, and used as part of the special-deposit account, will be paid from the 2½ per cent Dawes annuities after the above claims are paid in full and will be liquidated in a little over two years. It bears no interest.

PAYMENT OF CLAIMS OF UNITED STATES AWARDED THE UNITED STATES BY THE MIXED CLAIMS COMMISSION

Lastly, there will be paid the claims of the United States, awarded by the Mixed Claims Commission, of \$42,000,000, which with interest to September 1, 1927, amounts to \$60,000,000. This sum bears interest at 5 per cent until paid. This will be paid out of the 2½ per cent Dawes annuities. The total amount to be paid the United States will be approximately \$195,000,000 and will be paid in approximately 18 years after 1953, the first payment of \$10,710,000 being made in 1954.

Mr. LA GUARDIA. Does that include the war-risk insurance claim?

Mr. HAWLEY. Yes.

Mr. WAINWRIGHT. Mr. Chairman, will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. WAINWRIGHT. Did it occur to the committee that the American claimants, including the United States, might be paid in full out of the pool, leaving the German claimants, on account of the ships and property in the hands of the Alien Property Custodian, to be paid out of the Dawes plan?

Mr. HAWLEY. There is this to be said about that: We have had these ships for a long time. We have used them and we have made considerable profit out of them. Also, the United States is to be the beneficiary for any unpaid claims—that is, any claims that are provided for, for which the claimant does not appear, claims belonging to fugitives from justice, claims belonging to the former German Government or the German Emperor, and claims of other kinds. If all these are to come

to the United States, as if by escheat, then, if we forgot all about the \$60,000,000 award the United States would not be very much out of pocket.

Mr. LA GUARDIA. If the claims which have been heretofore granted to marine insurance companies were excluded from this general plan of advance payments, would not the payments to other claimants be increased?

Mr. HAWLEY. Of course, if you defer some claims now within the 80 per cent, and put other claims in another class within the 80 per cent, you would speed up the payment of the latter certainly.

Mr. LA GUARDIA. Is the gentleman in a position to state to the House if by deferring payments to marine insurance companies until the amount is actually paid by the German Government, to what extent that would increase or expedite the final payment of the other claims?

Mr. HAWLEY. What other claims?

Mr. LA GUARDIA. All other claims on account of loss of life.

Mr. HAWLEY. All loss of life and property, personal injury and death claims, are paid at once, and all claims up to \$100,000 are paid at once.

Mr. LA GUARDIA. Exactly; and you have remaining the other classification.

Mr. HAWLEY. One hundred and seventy-eight claims exceeding \$100,000, and on those there will be paid \$100,000 each.

Mr. LA GUARDIA. But we are withholding the payment of property now in the hands of the Alien Property Custodian.

Mr. HAWLEY. Yes; 20 per cent of it.

Mr. LA GUARDIA. And we have no title to that property.

Mr. HAWLEY. Let the gentleman take this into consideration. Here was a proposition to solve the whole financial embroglio between the United States and German claimants for the funds in the hands of the Alien Property Custodian, and for the ships and radio and patents, and all have agreed to it. If it is satisfactory to the parties in interest, why should we attempt to do a gratuitous thing and disturb an agreed settlement?

Mr. LA GUARDIA. I can understand clearly the state of mind of some of those claimants who agreed to that. They have been waiting for eight years, and they would rather take something now than to wait indefinitely.

Mr. HAWLEY. But we did not force this upon them. The chairman of our committee saw them and said to them directly:

We will not force this upon you if you do not want it; but if this is what you want done, we will do it.

Mr. GREEN of Iowa. That is exactly correct. That is what I told them. I said that I did not want any of them to agree to it unless they thought for themselves independently that it was for their best interests.

Mr. RAINEY. Mr. Chairman, will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. RAINEY. Does not this bill contain a provision that if these claimants do not accept what they are given under this bill they do not get anything?

Mr. HAWLEY. The bill contains a provision that if they accept payment under the bill they are bound by the terms of the bill, but not in the statement that the gentleman makes, as I remember it.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. SCHAFER. In returning this alien property suppose real estate has been sold and the amount received from the sale is returned. If the alien accepts that amount of money which was received by the custodian for the sale of his property, then he is absolutely disbarred for further claims, even if a future Congress should conduct an investigation of the alien-property situation and see that the property has been looted by Government officials.

Mr. HAWLEY. Under the bill if he accepts anything he accepts the final settlement in full satisfaction, but the gentleman knows that one Congress can not bind the action of another, and if, at some future time it should develop that a great injustice has been done, it would still then be within the power of Congress by amendment or by new legislation to see that justice is done, but we are hoping that we can settle this whole matter and in a short time forget all about a World War. [Applause.]

Estimated amount of mixed claims awards to be paid

1. 391 death and personal injury claims.....	\$3,134,003.00
Interest at 5 per cent thereon to Jan. 1, 1927.....	496,217.14
Total allowed to Nov. 8, 1926, with interest to Jan. 1, 1927.....	\$3,630,220.14

2. 2,142 awards of \$100,000 and less.	\$12,725,110.03
Interest at 5 per cent thereon to Jan. 1, 1927.	5,484,963.72
Total allowed to Nov. 8, 1926, with interest to Jan. 1, 1927.	18,210,073.75
Estimated, yet to be allowed:	
Principal.	\$8,500,000
Interest to Jan. 1, 1927.	3,500,000
	12,000,000.00
3. 153 awards over \$100,000.	\$3,460,504.69
Interest at 5 per cent to Jan. 1, 1927.	33,962,752.82
Total allowed to Nov. 8, 1926, with interest to Jan. 1, 1927.	117,423,257.51
25 estimated, yet to be allowed:	
Principal.	\$20,000,000
Interest to Jan. 1, 1927.	8,000,000
	28,000,000.00
Total estimated awards with interest.	145,423,257.51
Total estimated awards with interest.	179,263,551.40
<i>Estimated credits to special deposit account</i>	
1. 20 per cent of German property (Alien Property Custodian) to be temporarily retained.	\$40,000,000
2. German share of unallocated interest fund.	25,000,000
3. Mixed claims receipts—2½ per cent to Sept. 1, 1927.	14,000,000
4. One-half appropriations for ships, radio stations.	25,000,000
Total available for expenditures.	104,000,000
<i>Estimated expenditures from special deposit account</i>	
1. Death and personal injury claims in full.	\$3,630,220.14
2. All awards up to and including \$100,000.	30,210,073.75
3. \$100,000 each on all other awards (178).	17,800,000.00
	51,640,293.89
Assuming payments are to be made Sept. 1, 1927, add interest at 5 per cent from Jan. 1, 1927.	1,721,000.00
	53,361,293.89
Interest at 5 per cent from Jan. 1, 1927, to Sept. 1, 1927, on balance of 80 per cent (\$143,400,000—\$51,640,293.89).	3,059,000.00
Balance to be apportioned on claims over \$100,000.	47,579,706.11
	104,000,000.00
80 per cent of total Mixed Claims awards (\$179,263,551.40).	143,400,000.00
Interest at 5 per cent thereon from Jan. 1, 1927, to Sept. 1, 1927.	4,780,000.00
	148,180,000.00
Total available receipts to be applied on account as of Sept. 1, 1927.	104,000,000.00
Balance of unpaid awards (80 per cent) subject to priority in Dawes annuities received after Sept. 1, 1927.	44,180,000.00
Interest on this balance at 5 per cent from Sept. 1, 1927, to Sept. 1, 1928.	2,210,000.00
Total priority due end of fourth Dawes year (1928).	46,390,000.00
Dawes annuity for 1928.	\$7,000,000.00
One-half additional appropriation for ships, radio stations, etc.	25,000,000.00
	32,000,000.00
Balance of priority unpaid Sept. 1, 1928.	14,390,000.00
Interest at 5 per cent on this balance from Sept. 1, 1928, to Sept. 1, 1929.	720,000.00
Total priority due end of fifth Dawes year (1929).	15,110,000.00
Dawes annuity for 1929.	10,700,000.00
Balance of priority unpaid Sept. 1, 1929, to be paid out of Dawes annuity for 1930.	4,410,000.00
Interest at 5 per cent on this balance from Sept. 1, 1929, to Sept. 1, 1930.	220,000.00
	4,630,000.00
(a) Interest at 5 per cent from Jan. 1, 1927, to Sept. 1, 1930, on \$36,000,000 (20 per cent) 2½ per cent Mixed Claims awards deferred.	\$6,600,000.00
(b) Interest at 5 per cent from Sept. 1, 1927, to Sept. 1, 1930, on \$40,000,000 participating certificates delivered to Alien Property Custodian for 20 per cent of German property retained.	6,000,000.00
(c) Interest at 5 per cent from Sept. 1, 1928, to Sept. 1, 1930, on \$50,000,000 due ship, radio station, etc., claimants for one-half appropriation used to pay mixed claims (2½ per cent) (assumed all awards to be allowed as of Sept. 1, 1928).	5,000,000.00
	17,600,000.00
	22,230,000.00

Dawes annuity for 1930.	\$10,700,000.00
Balance accrued interest to Sept. 1, 1930, under (a), (b), and (c) above.	11,530,000.00
Interest at 5 per cent from Sept. 1, 1930, to Sept. 1, 1931, on principal set out under (a), (b), and (c) above.	6,300,000.00
Total interest due on Sept. 1, 1931.	17,830,000.00
Dawes annuity for 1931.	10,700,000.00
Balance of accrued interest to Sept. 1, 1930, under (a), (b), and (c) above.	7,130,000.00
Interest at 5 per cent from Sept. 1, 1931, to Sept. 1, 1932, on principal set out under (a), (b), and (c) above.	6,300,000.00
Total interest due on Sept. 1, 1932.	13,430,000.00
Dawes annuity for 1932.	10,700,000.00
Balance accrued interest to Sept. 1, 1930, under (a), (b), and (c) above.	2,730,000.00
Interest at 5 per cent from Sept. 1, 1932, to Sept. 1, 1933, on principal set out under (a), (b), and (c) above.	6,300,000.00
Total interest due Sept. 1, 1933.	9,030,000.00
Dawes annuity for 1933.	10,700,000.00
Balance of 1933 Dawes annuity remaining to be applied Sept. 1, 1933, to principal of deferred amounts under (a), (b), and (c) above.	1,670,000.00
\$126,000,000—\$1,670,000=\$124,330,000. To amortize \$124,330,000 at 5 per cent out of an annuity of \$10,700,000 will require approximately 18 years after Sept. 1, 1933.	
Total time required (approximate):	Years
To pay off 2½ per cent priority mixed claims, together with interest thereon and interest on deferred amounts.	6
To pay off principal of \$124,330,000 with interest.	18
To pay off \$25,000,000 unallocated interest fund, without interest.	2½
From and after Sept. 1, 1927.	26½
<i>Deferred payments</i>	
Mixed claims, 2½ per cent:	
20 per cent of \$179,263,551.40.	\$36,000,000
German property, Alien Property Custodian:	
Estimated value of money and property now held.	\$250,000,000
Deduct—	
Unallocated interest fund.	\$25,000,000
Earnings undistributed.	17,000,000
	42,000,000
20 per cent of.	208,000,000
One-half appropriations made available to pay ships, radio stations, etc. (\$100,000,000).	40,000,000
	50,000,000
	126,000,000

Mr. HAWLEY. Mr. Chairman, I yield back the remainder of my time.

Mr. COLLIER. Mr. Chairman, I yield now to the gentleman from Tennessee [Mr. HULL].

Mr. HULL of Tennessee. Mr. Chairman, the Reparation Commission was organized in 1919 by the delegates to the Versailles peace conference. The relation of the United States to reparations has always been unofficial. This is strange and unusual, but true. Assistant Secretary of the Treasury Albert Rathbone was instructed to attend the meetings from December, 1919, to the spring of 1920, when R. W. Boyden succeeded him until February 19, 1921, when as a courtesy to the incoming Republican administration he was withdrawn. In May, 1921, Boyden was instructed by Secretary Hughes to sit again unofficially on the Reparation Commission. He was succeeded by James A. Logan, August 1, 1923. On October 15, 1923, Secretary Hughes notified the allied governments that the United States could only take part in the conference on German reparations provided the conference should be merely advisory, and that the United States could not appoint a member of the Reparation Commission, since such appointment could not be made without the consent of Congress. In other words, the United States could not officially participate in the proceedings of the Reparation Commission, although this was the only agency for collecting debts from Germany. Again, on December 12, the United States turned down another invitation to participate officially in the proposed work of the Reparation Commission. The separate Berlin treaty contained a Senate reservation prohibiting the United States from being represented on the Reparation Commission without consent of Congress. President Harding in a letter to Senator Lodge on December 27, 1922, urged the removal of this prohibition, but no action was taken. Secretary Hughes on October 15, 1923, suggested that competent American citizens would be willing to participate in an economic inquiry relating to the balancing of the German budget, measures to be taken to stabilize her currency, and the further development of the reparations problem.

The French suggestion on this general subject culminated in an agreement for the appointment of the so-called Dawes com-

mittee of experts on November 30, 1923. This committee met at Paris January 14, 1924. The Dawes committee made its report to the Reparation Commission April 9, 1924. This report was accepted by the Reparation Commission as a suitable basis for a new solution of the reparations problem. The London reparation conference convened July 16, 1924, to consider the Dawes report, and out of it to develop a modified reparations plan. This meeting was successful and adjourned on August 30 following. The United States sent delegates to the London conference, but "with strictly limited powers." Frank B. Kellogg, ambassador to London, on July 16 stated that—

we do not come in the same capacity, with the same powers, as the other delegates, because we are not parties to the Versailles treaty or the sanctions now in force, etc.

The American delegates therefore refrained from signing the final act of the London conference on August 16, 1924, again afraid of "involvements."

The Paris conference was held January 7 to 14, 1925, to agree upon and allocate to the allied governments their respective shares of German reparations under the Dawes plan. American delegates participated in the Paris conference. They were torn between a desire to collect something, at least, and their mortal dread of "involvements." Secretary Kellogg, in a letter dated August 5, 1924, announced that—

in view of the fact that the purpose of this conference will include the question of the allocation of German payments since January 1, 1923, etc., the United States should be represented.

The Paris conference resulted in an agreement between all the allied governments and the United States relative to the distribution of the German reparations to each government in the future. The Dawes plan as adopted by the London conference provided, among other things, that—

the payments made by Germany are to comprise all amounts for which Germany may be liable to the allied and associated powers for the costs arising out of the war, including reparation, restitution, clearing-house operations, etc.

In other words, all charges payable by Germany to the allied and associated powers for these war costs. This included the United States. It was due to this agreement that the United States was in theory cut off from receiving any payments direct from Germany for any purpose under the separate Berlin treaty between our Government and Germany, but all payments that might be received could only come out of reparations provided for by the Dawes Commission. We had really been thus cut off since the Versailles treaty. It was in these circumstances that the United States, speaking through Ambassador Kellogg, hastened to request permission to sit for the first time as a full-fledged delegate in the Paris conference convened to allocate reparations to the allied governments under the Dawes plan. The final outcome was that the United States was allowed, out of the Dawes annuities, 55,000,000 gold marks per annum, beginning September 21, 1926, in payment of the costs of our army occupation in Germany after the war, or from November 11, 1918, to the date of withdrawal of our army of occupation on January 24, 1923. The American delegates to the Paris conference were so afraid of becoming "involved," even in the single problem of associating with the allied governments in collecting reparations, that they strenuously protested against signing the full Paris agreement. When they discovered that America would get nothing under the Dawes plan, or any other plan, unless they did sign the entire agreement, they proceeded to do so. This agreement was dated January 14, 1925. At this time the American debt against Germany for army occupation was around \$250,000,000 and the estimated debts due American nationals was \$350,000,000. The pittance allowed for these estimated amounts under the Dawes plan would not pay interest, much less any part of the principal. The figures as to claims of American nationals, however, have been reduced so that the allowance of 2½ per cent would pay off these claims within 80 years. This is the miserable kind and character of settlement that our Government made with respect to the payment of these two debts against Germany in January, 1925, more than six years after the armistice. To this date not one dollar had accrued to our Government either in payment of army-occupation debt or American claims, save certain small amounts in the nature of requisitions made by our Army in Germany under the Rhineland agreement, which the allied governments alone had placed in operation.

It is important to contrast with our Government the steps of the allied governments taken during all the years prior to 1925 to collect from Germany their army occupation costs and claims of their respective nationals, while the American Government was pursuing its chosen policy of utter inaction, aloof-

ness, and isolation, even with respect to the operations of the Allied Reparation Commission, which dealt alone with the question of collecting money due from Germany for war costs. In the first place, the Allies collected for themselves from Germany during the period prior to June 30, 1923, in cash and in kind, the sum of \$1,280,000,000 through the Reparation Commission.

The United States, on the other hand, having failed to ratify the treaty of peace with Germany of June 28, 1919, proceeded on August 25, 1921, to negotiate a separate treaty of peace with Germany. This treaty proposed to give the United States all rights, privileges, indemnities, or advantages stipulated for the benefit of the United States in the treaty of Versailles. Article 2 of that treaty specified among other rights accruing to the United States should be those under parts 8, 9, and 10 of the treaty of Versailles, relating, respectively, to reparation, financial, and economic matters. These included claims of our nationals. The treaty of Versailles provided that the costs of the armies of occupation should be the first charge upon reparations. The United States, however, having made a separate treaty with Germany which was designed to enable the United States, acting separately from the allied Governments, and individually, to collect from Germany direct, her army costs, and the claims of her nationals, the allied Governments proceeded to demand and receive the chief portion of their army costs, which were accordingly paid through the Reparation Commission, but America, failing either to request or to accept payment through this agency, received nothing, not even direct from Germany, as the Berlin treaty contemplated. During the years 1919 to 1925, the allied Governments acting under articles 296 and 297 of the treaty of Versailles, which provided for the liquidation of debts of the nationals of either side due to the nationals of the other, proceeded to set up clearing offices for handling these mutual claims, and arbitral tribunals for matters involving questions of law. These clearing offices functioned for more than five years and settled the majority of the claims. When the value of Germany's claims did not offset that of the creditor States, Germany made special monthly payments to balance the clearing office accounts. The United States refusing to avail itself of the clearing-office system, either under the Versailles or the Berlin treaty, did not, of course, have any claims of this character disposed of and has not to this day collected and paid to our nationals a penny of their claims against Germany. It, of course, is true that 2¼ per cent of the Dawes annuities commenced in the first year of the Dawes plan, September 1, 1924, to August 31, 1925. It is also true that in an effort to pursue relations direct with Germany under our separate Berlin treaty, and hence not to look to the Reparation Commission or to avail ourselves of the clearing-office system, our Government did on August 10, 1922, effect an agreement with Germany for a mixed claims commission to determine the amount to be paid by Germany on account of our nationals and our Government from the German Government and German nationals. That commission has not even yet concluded its work. The allied Governments, on the other hand, proceeded with dispatch to collect from Germany vast amounts, both on account of army occupation and debts due their nationals, while Germany was able and in a humor to pay.

It is remarkably strange and amazing that, although the allied Governments during the years following our separate Berlin treaty, were constantly inviting the American Government to participate in the work of the Reparation Commission, thereby utilizing both the Berlin treaty, if permitted, and the Reparation Commission as agencies through which to secure payments for army expenses and on claims of our nationals, our Government remained aloof. The inevitable result was that until 1925 our Government failed to realize a penny on any obligation by Germany either under the Berlin treaty or through the allied Reparation Commission. It was impossible under the former, and we declined it under the latter. These facts strikingly reveal how and why American rights and claims are to-day unpaid in whole or in part. Was there ever such an instance of stupidity and negligence?

The general result of our course left our Government in the position finally of an agreement with Germany that the property of her nationals seized by our Government should be retained as security for debts due our Government and nationals or until such debts were discharged, while at the same time we were later forced to become parties to the Paris agreement under the Dawes plan, which would require the German Government 80 years to pay obligations to our nationals. This conflicting situation imperatively required our Government either to confiscate German property held by the Alien Custodian or provide for its release within a far shorter period than 80 years, the time necessary for payment of the American

claimants. It has not been our purpose to confiscate. It was this course and these conditions resulting which have rendered it impossible for our Government now to make a really satisfactory adjustment, pro and con, of indebtedness between our Government and Germany and our nationals and German nationals. In point of fact, the Dawes plan requires our Government to turn back as a credit on our annuities under the Dawes plan any excess or final balance, or in fact any German property finally retained by our Government without compensation must be credited on the annuities of the Dawes commission otherwise due us.

It seems that our Government in the spring of 1923 for the first time awakened to the fact that neither the debts for army occupation nor those due our nationals could or would ever be paid separately and directly under the Berlin treaty. It was decided, therefore, to send Assistant Secretary of the Treasury Wadsworth to Europe to secure, if possible, an agreement with the allied governments for payment of army costs as specially provided by the armistice agreement. This attempted army-cost agreement was negotiated on May 25, 1923, but was never ratified by France, although Belgium in the meantime had deposited 62,500,000 gold marks in New York to be turned over to the American Government on our army cost whenever France ratified the agreement, which she never did. Our Government declined to accept payment in kind at any time. The fact that the Allies did accept payments in kind to a measurable extent greatly aided in balancing off and settling indebtedness between them and their nationals and Germany under articles 296 and 297 of the treaty of Versailles.

It seems that Ambassador Kellogg, in his letter of August 5, 1924, not only sought to have America represented in the Paris conference later to be held, but also sought an understanding to the effect that the right of the United States to share in reparation distributions for debts due our nationals as well as army costs, and that this gave rise to an extended debate in the plenary meeting of August 12. This controversy appears also to have been renewed at the outset of as well as prior to the Paris conference. It was charged by the British representative that the United States had several times been requested to present a detailed schedule of the claims of our nationals in order that the allied experts could examine them, "but this request has not been acceded to."

The American expert contended that he had formerly raised the question of the participation of the United States in the plan annuities, although it was admittedly at a belated stage. The facts seem to warrant the conclusion that the unratified Wadsworth army-cost agreement of May 25, 1923, was recast at the earnest instance of the United States Government as a condition precedent to the allowance by the allied governments of the 2¼ per cent annuity for the payment of American nationals under the Dawes plan. Under the Wadsworth plan our army debt was payable in 12 annual installments, or \$21,000,000 per year. In order, therefore, to secure any share of the Dawes annuities with which to pay any part of the claims of our nationals, it was agreed that the payment of our army cost should be 55,000,000 gold marks per annum, or about \$13,000,000, and extending over a period of near 20 years. In other words, we split our army-cost payments and the Allies added \$2,000,000 per annum. It was only then that the 2¼ per cent was squeezed through the Paris conference as a last-minute and very grudging concession. By its long delay, our Government came this near getting nothing for our nationals. The United States, therefore, secured near \$23,000,000 of the total annual amount of German reparations when they become payable in full of \$625,000,000. To the stage of the Paris conference, or from November 11, 1918, to February 28, 1925, the total amount of German reparation payments of every kind to the allied governments aggregated \$2,250,000,000, not including income from the Ruhr occupation amounting to near \$300,000,000. We got nothing.

The question has been asked whether the Paris agreement surrendered or modified any treaty right of the United States or in any way limited the amount of the claims of the United States. It is true that no treaty right nor the amount of the claims of the United States was limited or modified by the Paris agreement, but the opportunity or chance for securing payment of American claims was, while for the first time secured, tremendously limited, because of our long neglect and delay. It is true that in the event the Dawes plan of reparations should break down all unpaid American claims and debts would stand intact against Germany. It is equally true that they would no more be collectible direct from Germany under our separate Berlin treaty than they were collectible under this treaty from 1921 to 1925. It is greatly surprising that our Government negotiated and entered into the separate treaty of Berlin upon the assumption and belief that we could secure

payment for debts due our Government and our nationals direct from Germany under the Berlin treaty. It is even more surprising that our Government did not awake from this patent delusion until 1924 when, in the language of Secretary Kellogg—it was believed that participation in payment under the Dawes plan would be advantageous to the United States.

This fatal lapse on the part of our Government during these years accounts for our present predicament in attempting to deal with the American and German debt situation. We lose as a result all interest on our army cost bill of \$240,000,000 principal. Assuming that the principal will be ultimately paid, the interest loss to our Government will aggregate over \$200,000,000. Long delay and substantial losses have also been suffered by American claimants. Let me make more clear the conclusions just stated.

America embraced and ratified the Berlin treaty upon the plea and representation, among others, that according to article 1 the United States should enjoy—

all the rights, privileges, indemnities, reparations, or advantages, etc., stipulated for the benefit of the United States in the treaty of Versailles, which the United States shall fully enjoy notwithstanding the fact that such treaty has not been ratified by the United States.

This was all fallacy. The allied governments, when the United States sought to participate in the London and Paris conferences in 1924-25 for the purpose of securing payment of amounts due from Germany, called attention to article 248 of the Versailles treaty by which Germany "constituted the reparation obligations the first charge upon all her assets," and that she could not, therefore, legally acknowledge any new obligations to a separate government which had not ratified the Versailles treaty. Attention was further called to the terms of the treaty of Versailles to the effect that the amount of damage for which compensation was to be made by Germany should be left to the Reparation Commission. The Allies simply ignored proposed American reparations under the Berlin treaty. The fact should be kept in mind that the original Reparation Commission of 1919 is still alive and functioning, and that it has had under control all German assets since 1919. The allied governments also insisted in this connection that at no time prior to the London conference in 1924 did the American Government offer the slightest hint or suggestion to the Reparation Commission of any claim against Germany which it was desired to have paid through the Reparation Commission. To the further contention of the United States that nothing in the Versailles treaty prohibited or incapacitated Germany from making separate and direct settlements with and payments to the United States, the allied governments again emphasized article 248 of the treaty of Versailles, and insisted that according to the terms of this treaty the assessment of the reparation claims of the Allies is the exclusive business of the Reparation Commission, and that it is a—

general controlling agency set up by the treaty with jurisdiction over all the reparation claims of the powers contracting with Germany—

and so forth. That the Reparation Commission, both before and after the Dawes plan, has sought to collect off Germany to the limit of her ability to pay. The allied governments made the final reply that "one or more of the allied and associated powers could, if they saw fit, make a separate agreement" relative to the payment of its own claim, but that it would not be operative, because when a joint treaty in behalf of 25 associated powers and creditors has been negotiated and entered into, it would not be justifiable for a single associated power to undertake to enter into a separate treaty with provisions that would deprive the other 25 creditor nations of German payments contemplated by the joint treaty previously entered into with the knowledge of all nations. At least some notice and some understanding with the 25 joint creditor countries was necessary at the time the separate treaty was made. In other words, when 25 creditors adopt a plan of dealing with the assets of a debtor and take charge of the assets, it is doubtful whether a twenty-sixth creditor may later proceed to deal with the assets as though the 25 creditors and their previous arrangement were not in existence. Some sort of concert is naturally necessary and logical.

I have sought briefly to detail the substance of the conflicting views of our Government and those of the allied governments as they have related to the course of the American Government in dealing with our claims against Germany for army costs and for our nationals. Without expressing harsh opinions relative to the merits of these international discussions, it does seem that our Government at least was driven to the resort of invoking "all defenses." At any rate, our Government was over-

whelmingly overruled and somewhat sheepishly abided the decision. While it is true that our indebtedness against Germany will stand intact in the event the Dawes plan should fail, it has been demonstrated also to be true that any payments thereafter made to us by Germany would come through the Reparation Commission and not direct under the Berlin treaty. In addition to the losses I have already pointed out due to the criminal failure of this Government to keep in touch with the Reparation Commission prior to 1925, our Government must now take the position of a deferred creditor with possible payments far in the future, even if the provisions of the pending bill are carried out. I may, as the only possible way out of an extremely bad situation, vote for the pending bill, because the claimants have not been at fault, but I shall never be able to excuse the stupidity and outrageous negligence of our Government in handling its claims and the claims of its nationals. For this puerile and careless conduct entailing losses of hundreds of millions to our Government and serious delays and losses to our nationals, the country has both the Harding and Coolidge administrations to thank. The Government was deadlocked by vicious partisanship during 1919 and 1920. Pusillanimous fear and gross incompetency were never exhibited in quite so striking a manner. Our Government did not get "involved," but it got separated from a few hundred million dollars.

Mr. COLLIER. Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. Cox].

Mr. COX. Mr. Chairman and gentlemen of the committee, this bill coming into this House with the unanimous indorsement and report of the committee having it in charge entitles it to a standing of respectability. However, Mr. Chairman and gentlemen, I rise to oppose this bill. I oppose it because it is a miserable compromise of principle. I oppose it because it is dishonest. I oppose the bill because it is a breach of good faith with the world. I oppose it because it is a repudiation of our own immortals who have heretofore assumed to speak for the country upon questions of international practices. This bill, gentlemen of the committee, is a challenge to the intelligence of this House. It is an invitation to this committee to do a practical thing which will constitute, as I conceive it, a stain upon the honor of the country.

The chairman of this committee in reporting the bill very frankly stated to the committee that it was a compromise reached between gentlemen holding extreme and contrary views upon the subject matter treated. A further observation was made by the chairman, as well as by another member who champions the passage of the bill, that the committee in the preparation of the bill had sought to reconcile the question of national policy with agreements entered into between claimants of our own nationals and the German nationals. I submit, gentlemen, that we can not afford to establish the precedent of permitting private agreements to control questions of national policy. I said this bill was a challenge to the intelligence of this House. I make that statement advisedly, and I challenge the membership of this House to take this bill under serious consideration, read it, and see if it is not a contradiction from beginning to end. In the declaration of policy the bill declares against confiscation, and yet it proceeds to confiscate. The bill declares that there is no assumption of the German obligation to pay the debt of American nationals, and yet there is in the very opening of the bill a guaranty given by this country to its own nationals to the effect that their claims against the German Government will be paid. What difference does it make to our national holding claims against Germany if payment is to be deferred in part, whether they be assumed by our Government, or be guaranteed? He has faith in the integrity and responsibility of his Government, and knows that by reason of the guaranty written into the bill that his Government will, in case of the failure of Germany to pay, make good its engagement. Look to the bill itself—to its declaration of policy—and then read on and observe how inconsistent and insincere it is. I say, gentlemen, the bill is not an honest measure. It is an effort to bring together those who are opposed to any assumption of our national claims against the German Government on the part of this country, and those who are in favor of honest dealing with the German nationals; that is, the return of the property seized by the Alien Property Custodian during and after the war. You say there is no confiscation, and yet the bill proceeds to confiscate. It takes \$40,000,000 of German capital and \$25,000,000 or \$26,000,000 of unallocated but earned interest on the alien enemy claims, making a total of \$65,000,000 which the Government appropriates to the payment of its own nationals. I say, gentlemen, that the two principles can not be reconciled; they are not reconciled to the satisfaction, at least, of myself in the measure that is proposed here.

The Mills bill introduced in the last session sought to deceive no one. It was at least honest. It stated what it meant, and the passage of that bill would not dishonor the country, whereas the passage of this bill commits this country to the doctrine of confiscation, which the gentleman from Mississippi said had been sanctified by the Berlin treaty. We seek to hold this property as security for the payment of claims of American nationals adjudicated by the Mixed Claims Commission, and yet it is insisted that it is subjected to no risk at all. The holding of this fund does constitute secondary liability and subjects it to the risk of confiscation.

Gentlemen, is it the right of this Congress, representing this great country we love so well, to repudiate the principles laid down by the great Pierce, McKinley, Roosevelt, Taft, and Wilson, all one time Presidents of the country, and others, who did so much to refine and humanize international law, and who committed the country to the doctrine of nonconfiscation of the property of enemy nationals in time of war? This bill on this proposition blows hot and cold. In one instance it runs with the hare and in the next it holds with the hounds. I say, Mr. Chairman, it is not an honest and fair and righteous solution of the problem that the committee had in hand.

They talk about compromise. The compromise of principles. I would remind this committee that as between right and wrong there can be no honest compromise. As between truth and falsehood there is and can be no righteous or rightful compromise, and this bill undertakes to reconcile two irreconcilable theories or principles. It is a dishonest measure and seeks to hoodwink and deceive the House and to wring from it an approval of something of which the country in future times will be ashamed. Mr. Chairman and gentlemen of the committee, if there were no occasion for accountability for our acts, if there were no to-morrow, and there were no hereafter, it might be that the House could find excuse for the passage of this bill. But I would remind the membership of this House that there is a to-morrow, there is a hereafter, that this country has its honor to preserve and a soul to save, and that the enactment of this measure will constitute a danger of its losing both. You talk about the accumulated hatred of the nations of the world against America. Pass this vicious measure and you add to that the just and righteous contempt of every civilized country on the face of the globe. [Applause.]

The CHAIRMAN. Does the gentleman from Georgia yield back the remainder of his time?

Mr. COX. Yes.

The CHAIRMAN. The gentleman from Georgia yields back two minutes.

Mr. GREEN of Iowa. Mr. Chairman, I yield 30 minutes to the gentleman from New York, and I will ask the gentleman from Mississippi [Mr. COLLIER] if he will also yield to him 15 minutes?

Mr. COLLIER. Yes; I yield to the gentleman 15 minutes.

The CHAIRMAN. The gentleman [Mr. MILLS] is recognized for 45 minutes.

Mr. MILLS. Mr. Chairman and gentleman of the committee, we are attempting to settle to-day an extraordinarily complex problem by means of a compromise measure which, as happens in the case of most compromises, will probably not satisfy those gentlemen who look for an entirely ideal solution.

The bill undertakes to deal with three classes of property the disposition of which remains to be settled. They are not directly related, and yet the equities of the situation as well as practical considerations demand that they should be settled on substantially the same basis and, if possible, simultaneously.

We have, first, the property of German nationals held by the Alien Property Custodian; second, the claims of American citizens against the German Government, arising from acts of the German Government during the war period; and third, the claims of German nationals against the United States Government for acts of our Government during the war period.

The property held by the Alien Property Custodian is held under the terms of the trading with the enemy act, which authorized its seizure during the war, its retention during the war period, and the settlement of the claims arising therefrom, to be settled "as Congress shall direct." That is the language of the law. Congress has amended that act from time to time, and under those amendments a vast amount of property originally seized has been returned to the people originally classified as "enemy aliens." We seized, all told, I think some \$500,000,000 worth of property, and hold to-day approximately \$270,000,000.

The most important of these amendments is known as the Winslow Act, in which we returned to each enemy alien \$10,000 of the principal of his property held, and authorized the payment annually up to \$10,000 of the earnings on his property in the future.

There are two opposing views as to what should be done with this property. Some gentlemen would hold the property, liquidate it, and apply the proceeds to the payments of the claims of the American nationals, leaving the German owners to be reimbursed by their own Government. Others hold that we have no right to confiscate; that the property should be returned to the German nationals, or that if it is retained at all, it should only be retained as security until the claims of American nationals have been satisfied.

In order to reach a decision as to the proper course to pursue, a number of factors have to be considered. It is unquestionably true, and I think the Members of this House who were Members of Congress when the act was originally passed will agree, that the trading with the enemy act did not contemplate confiscation, but rather sequestration of the property.

On the other hand, the so-called Chemical Foundation decision recently handed down by the Supreme Court says in effect that the original seizure constitutes a confiscation; and while the facts in that case did not compel the Supreme Court to go as far as it did, the language is broad enough to include such a construction. But whether the original act of seizure constituted a confiscation or not, this certainly is clear, that the Congress retained control of the property. Whether we confiscated it or not, it still lay and still lies within our power to return it to the original owner; and it seems to me when we passed the Winslow Act we very clearly said we never intended to confiscate, for we returned part of the property and provided that in the future the owner could enjoy the earnings on his property, thus showing the beneficial and proprietary interest remained in him.

I am convinced that when we passed the Winslow Act we would have returned all of the property then if we had not thought it wise to hold some of it as security for the payment of American claims. My conclusion from my study of the legislative record is, then, that we have never intended to confiscate this property, that it has not been confiscated, and that it is the intention of the Congress in holding it simply to hold it as security for the payment of the claims of our own nationals.

Now, the advocates of confiscation find justification for their policy in article 297 of section 4 of Part X of the treaty of Versailles, the rights under which are specifically reserved to the United States in article 2 of the treaty of Berlin. Under the terms of article 297 the associated and allied powers were given authority to retain the property of private German citizens seized during the war and apply it to their own uses or to liquidate it if they saw fit and to apply the proceeds to the payment of the claims of their own nationals. There is not the slightest doubt in my mind but what article 2 of the treaty which we signed and which incorporated by reference the provisions of Article X of the treaty of Versailles, gives us the legal right to confiscate, and the Supreme Court has said that we have that right. I call your attention, however, to the fact that in the preamble of the treaty of Berlin we incorporated in whole the terms of the joint resolution of July 2, 1921, declaring peace, and in that preamble we said:

The property shall be retained by the United States of America and no disposition thereof made except and as shall have been heretofore or specifically hereafter shall be provided by law until such time as the Imperial German Government shall have made suitable provision for the satisfaction of all claims against the said Government.

Now, there is an inconsistency in the treaty of Berlin. The preamble declares that we shall only hold the property as security and article 2 gives us the right to confiscate. How are we going to reconcile that apparent inconsistency? There seems to me to be only one way in which it can be reconciled, and that is that the United States Government reserved the right to confiscate, but specifically stated that it did not intend to exercise that right if Germany would provide for the payment of its just claims.

Now, I want to answer the question asked by the gentleman from Texas [Mr. CONNALLY]. Article X of the treaty of Versailles provides that if the German property is retained or liquidated and the proceeds applied to the payment of the claims of the nationals of the country retaining it, any amount remaining after the satisfaction of those claims shall be applied to reparation payments. It also provides that if any country retains the property and does not compensate the German nationals, that the value shall be applied to German reparations. In paragraph 2 of article 2 of the Berlin treaty you will find the following words:

The United States in availing itself of the rights and advantages stipulated in the provisions of that treaty mentioned in this paragraph will do so in a manner consistent with the rights accorded to Germany under such provisions.

In other words, we can not retain the ships, the radio stations and patents, and not compensate the owners therefor without applying the full amount of their value to German reparation payments. That is not important in so far as alien property is concerned, but it is vitally important when you come to the provision regarding ships, patents, and radio.

This, then, is the situation, as I see it, in so far as alien property is concerned. Under the decision of the Supreme Court and under existing treaties we apparently have the right to confiscate this property, but at the same time all of the laws which we have passed in relation thereto, and the very preamble of the treaty which gives us the right to confiscate, indicate that it is not our policy to exercise that right. Moreover, there are, to my mind, some very cogent and convincing reasons why that right should not be exercised.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. MILLS. Yes.

Mr. CONNALLY of Texas. The Supreme Court did not predicate the right to apply those payments on the treaties, either on the treaty of Versailles or Berlin, did it?

Mr. MILLS. No; it based it entirely on the provisions of the original act as amended by the act of 1918.

I think that such a program is repugnant to good morals, to American traditions, and to international law. Ever since we have been a nation we have recognized the inviolability of the property of private citizens in time of war. As early as 1802, when we were a comparatively poor nation, we paid \$3,000,000 to Great Britain to reimburse her citizens for property damaged during the Revolutionary War. As Alexander Hamilton said:

No powers of language at my command can express the abhorrence I feel at the idea of violating the property of individuals which in an authorized intercourse in time of peace has been confided to the faith of our Government and laws, on account of controversy between nation and nation. In my view every moral and political sense unite to consign it to execration.

And what he said then was everlastingly right. In the wars in which we have been engaged with foreign powers I know of no instance in which we have confiscated the property of the citizens of the nation with which we were at war.

Mr. COX. Will the gentleman yield?

Mr. MILLS. Yes.

Mr. COX. But is not that in violation of the provisions of the act?

Mr. MILLS. If the gentleman will wait I will come to that. This was in accordance with international law and the practices recognized by all nations up to the signing of the treaty of Versailles. The principle was recognized as early as the Magna Charta and as late as 1918, just prior to the signing of the treaty of Versailles, the English House of Lords said this:

It is not the law of this country that the property of enemy subjects is confiscated until the restoration of peace. The enemy can, of course, make no claim to have it delivered to him, but when peace is restored he is considered as entitled to his property with any fruits it may have borne in the meantime.

When England signed the treaty of Versailles and availed itself of the provisions of article 10 it overturned a sound practice followed by the British Nation for 600 years. But that is no reason why the United States should do likewise.

Moreover, on February 8, 1917, two months before we entered the war, and while there was still ample time for German citizens to remove much of their property from this country, they received the following assurance from the Secretary of State, with presidential sanction:

The Government of the United States will in no circumstances take advantage of a state of war to take possession of property to which international understandings and the recognized law of the land give it no just name or title. It will scrupulously respect all private rights alike of its own citizens and of the subjects of foreign nations.

This is what the President of the United States said to these people a few months before we entered the war, and relying on that promise, many of them unquestionably left their property in this country which they would otherwise have removed.

Mr. HILL of Maryland. Was that made to Germany?

Mr. MILLS. That was a statement issued by the Secretary of State to Germans having their property in the United States and assuring them that their fears were ungrounded.

To confiscate the property of German citizens would therefore constitute a violation of our own traditions, of sound public morality, of international law, and of a solemn pledge of the President of the United States.

But if we are not going to confiscate the property, what then? The desirable thing, of course, to do is to return it

at once in full to its rightful owners. But while the United States owes a very real obligation to German citizens, it owes an even greater obligation to protect its own nationals and see that the just claims which they hold against Germany are satisfied. The property which we hold constitutes the only real security that they have. We, as a Nation, have no right to do justice to the nationals of another nation by doing an injustice to our own nationals. I am willing to treat foreigners as fairly as we treat our own people. I recognize no obligation to treat them more fairly. [Applause.]

This brings me to the subject of American claims and their status. They arise by reason of property seized by the German Government during the war, by reason of regulations which prevented Americans from withdrawing their property during the war, from acts of violence, such as the sinking of ships, the destruction of lives, and the infliction of personal injuries.

By agreement dated August 10, 1922, the United States Government and Germany set up a mixed claims tribunal to pass on all claims of American citizens against the German Government. The commission was organized on October 9, 1922. It has made to date awards aggregating \$139,000,000, and it estimates the total awards to private citizens at \$179,000,000.

The awards of the Mixed Claims Commission constitute a direct obligation on the Government of Germany; and if Germany were a solvent country, there would be no problem at all. The trouble is that, in addition to satisfying the claims of our citizens, Germany is obligated to satisfy all manner of claims to other nations arising from the war.

Under the terms of the treaty of Versailles the amount of those claims was to be decided by the Reparations Commission. The Reparations Commission fixed the amount at 132,000,000,000 gold marks. It did not take long for the creditor nations to find that that amount was largely in excess of the capacity of the German Nation to pay. Accordingly, in 1924, those nations which had claims against Germany met in London and on August 30 of that year signed what is known as the London protocol, and under the terms of the London protocol, the so-called Dawes plan was formally adopted.

The Dawes plan provides that Germany shall make certain payments, annual payments, for the meeting of all treaty obligations or obligations arising from the war, starting with a small amount and rising to a maximum of 2,500,000,000 gold marks in the fifth year, or in 1928; and this is all they are to pay on their treaty obligations for some years to come.

The United States was not a party to the London protocol, but when these nations met a few months later, in January, 1925, in order to allocate the Dawes annuities to the different countries having claims, the United States requested to be represented, and as a result of the then adopted agreement, known as the Paris agreement, we agreed to accept a certain amount annually from the Reparations Commission—not from Germany but from the Reparations Commission—in repayment of the costs of our army of occupation, and two and one-quarter per cent a year of the Dawes annuities for the payment of American claims as agreed to by the Mixed Claims Commission.

Under this agreement when the Dawes annuities reach their maximum, we will receive \$10,700,000 a year for the satisfaction of the claims of our nationals.

This, then, is the situation. Germany is unable to meet her claims in full. The powers have agreed to scale down the payments due them, and have further agreed that all the payments shall be made from a common fund to be controlled by the Reparations Commission. So the American claimants can not look to the German Government directly for payment but must look to the Reparations Commission, and our Government has agreed in their behalf to accept \$10,700,000 a year for the payment of those claims.

What does this mean? It means that the United States Government has made an agreement for the settlement of the claims of American nationals under the terms of which it will take from 75 to 80 years for them to be paid. If, then, the property of the German nationals is to be returned in full at once, the German citizen will be reimbursed in full, the American claimant will be deprived of the security afforded by the German property, and the best he can hope for is to have his claim paid in the course of three-quarters of a century.

I come now to the third class of claims, which can be dealt with very briefly. During the war our Government seized ships, patents, and radio stations, belonging to German nationals, and made good use of them. Just what the value of this property is I do not know.

The Germans say it is worth over \$250,000,000, and the only estimates we have indicate it is worth somewhere around \$40,000,000 or \$50,000,000. But, whatever the value may be, I do not see how you can keep this property without compensation

unless you are willing to be guilty of the confiscation which we condemn in the case of alien property, for I can see no difference in principle between seizing a ship or seizing a bond or a bank account.

Moreover, if we retain this property and do not pay for it under article 2 of the Berlin treaty, we have got to credit the reparations fund with the value of the ships, patents, and radio stations. What does this mean? Not only that we are confiscating the property of the original owners but by crediting the value to the reparation payments we are actually diminishing the funds available for the payment of our own people. If the ships and radios shall be valued at \$75,000,000, it means that the American claimants are deprived of \$75,000,000 which would be paid to them in satisfaction of their claims.

There is no question that the United States should either return the property or pay for it. Here, again, if there were no other factor I would say let us pay at once. As in the case of the alien property, however, you are confronted with this question: Why should German shipowners be paid the full value of their property to-day and Americans who had their ships torpedoed wait for three-quarters of a century to get satisfaction?

There is the situation that confronted the Ways and Means Committee. Many plans looking for a solution have been suggested, but nearly all are modifications of two basic propositions. One is to confiscate the property and use it for the payment of American claimants, which, for the reasons I have given, seems to me wholly undesirable. The other proposition is contained in the terms of the bill which I introduced last spring. It provided for the return of the alien property at once. It provided for the payment for the ships, radios, and patents in an amount not exceeding \$100,000,000. It provided that the United States should advance the amount necessary to pay American claimants and reimburse itself from the 2½ per cent Dawes payments and the amount received for army occupation. It was estimated that the United States Government would be only making advances for eight years and have the money back in the Treasury at or near the end of that time. As you all know, opposition arose and we made no progress.

Mr. McKEOWN. Will the gentleman yield?

Mr. MILLS. If the gentleman will wait until I complete my statement I will gladly yield.

Now, my own feeling is that the objections to the bill I introduced are not well grounded. It always seemed to me that if the United States should determine as a national policy to return at once the property of the Germans, and satisfy legitimate German claims, it might with perfect propriety advance the money necessary to liquidate the American claims, particularly as the loan would be for a brief period and the chances of repayment really good. In other words, I felt, and I feel now, that in carrying out a truly national policy, all of the people—and not just a very limited group—should assume whatever risks and liabilities such a policy might entail. In this particular instance, the risks happen to be very small and the national policy very big. I wanted our country to do a big thing in a big way and adopt a plan which would do exact and immediate justice, not only to foreign citizens but to its own. [Applause.]

But since that proves impracticable I am here to urge with all sincerity and earnestness the adoption of a compromise measure which, if it is not ideal, is at least fair; which if it does not dispose of the entire problem at once, at least disposes of the major part of it; which, if it does not give each man all that he is entitled to immediately, at least imposes an equal measure of sacrifice upon all, and does not satisfy the just claim of one group at the expense of the equally meritorious claim of another.

What is the fundamental basis of this compromise plan? It is that the three groups of claimants which I have described shall each be asked to make a sacrifice, a sacrifice not of any part of their claims but a sacrifice which entails a delay in the payment of part of their claims. Ultimately, I repeat, all of them will be paid in full, but all claimants are asked in the interest of a common and early settlement to agree to extend the payment of a part of the portion that is due them over a period of years.

When we come to the reading of the bill we can discuss its complicated details. There is no doubt that the machinery for bringing this about is very complicated as every member who has attempted to read and understand the bill knows by this time, but the principles and the results are comparatively easy to grasp. Just what do we propose to do? We propose to return to the alien property owners 80 per cent of their property right now, and we retain 20 per cent. We retain in addition what is known as the unallocated interest fund, which may be roughly defined as the earnings of that property prior to

March 4, 1923, the date of the passage of the Winslow law. Thus, in so far as the alien property owners are concerned, they get back 80 per cent of their property at once, and we retain 20 per cent plus the unallocated interest, which they will get at a later date.

In so far as the ships, radios, and patents are concerned, what do we provide? We provide for an arbiter who will decide what they are really worth upon the basis provided for in the bill. We then authorize the appropriation of \$100,000,000, or as much thereof as may be needed, and we provide that those patents, ships, and radio owners shall get 50 per cent of the final award at once, and that they will be asked to wait a few years for the payment of the balance of their claim.

This disposes of two of our groups, the alien-property owners and the ship, patent, and radio owners. We have still the third group to consider, namely, the American claimants. For the purpose of meeting their claims, and for the purpose of paying the balance due on the claims of the other two groups, we create a special fund in the Treasury Department. That fund is made up, first of all, of the 20 per cent of the alien property retained and of the unallocated interest fund. We authorize the Alien Property Custodian to turn these two amounts into the Treasury and to receive in return so-called participating certificates. The participating certificates issued against the 20 per cent of the alien property bear interest at 5 per cent. The participating certificates representing the proprietary interest in the unallocated interest funds do not bear any interest. In the second place, we deposit 50 per cent of the appropriation for the payment of ship, patent, and radio owners in this fund with a special proviso that the first \$25,000,000 shall be earmarked and paid only to the claimants. In the third place, we put into that fund the money that we have received to date on the Dawes annuities, exclusive of the army of occupation costs, and all future Dawes annuities, exclusive of the army of occupation costs.

All of these three groups have direct interest in this special fund, and all three of them are going to be paid from this fund, but in order to do justice between these groups it has been necessary to establish certain priorities. Thus alien-property owners get 80 per cent of their property right away, while the American claimants get not more, certainly, than 60 per cent of their claims paid right away. Therefore we provide that the American owners shall have priority payment out of this fund until 80 per cent of their claims have been liquidated, and when they have received 80 per cent of their claims and find themselves on an equal basis with alien-property owners, then for every dollar paid to American claimants a dollar will be paid to the German property owners.

As between the American claimants we establish certain priority. Thus, all death and personal injury claims are to be paid at once. Then all claims of \$100,000 or less are to be paid, and finally \$100,000 on all other claims.

Leaving aside for the moment the unallocated interest, it appears that as between American claimants and owners of alien property the purpose of the bill is to put them on an equal basis as soon as possible. We are retaining 20 per cent of the German property as security, and as soon as the American claimants have received all but 20 per cent of their claims, then when an American receives a dollar we release a dollar's worth of security. At the same time we declare it to be our policy not to retain any of the German property for all time, but only until the American claims have been liquidated in full.

But it is going to be urged, if it has not already been urged, that certain inequalities are apparent on the face of the bill, and it is perfectly fair to ask why those inequalities are there. It will be argued, of course, why do you retain the earnings prior to March 4, 1923, in addition to the 20 per cent of the alien property? And why do you give American claimants priority over the unallocated interest fund when it comes to paying from the special fund? The answer, I think, is found in the terms of the Winslow Act. Under the Winslow Act the Germans have already received \$42,000,000 of their property. In addition to that, they have \$17,000,000 more coming to them wholly untouched by the 20 per cent provision, so that the Germans have received and will receive almost immediately \$57,000,000 of their property, while to date not a single American claimant has received one penny. Under those circumstances it certainly seems fair that the Germans should be asked to extend priority to the Americans to the extent of \$25,000,000.

Again, it may be urged that we are retaining only 20 per cent of the property held by the Alien Property Custodian and are retaining 50 per cent of the claims made for the ships, patents, and radios, and why the discrimination? There is a good answer to that, certainly in so far as the ships are concerned,

because the German Government, in the form of subsidies, has already largely compensated the German shipowners for their loss, and the German shipowners to-day are probably better off than any single class of claimants.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. MILLS. Certainly.

Mr. GREEN of Iowa. And also because the Germans themselves agreed to that priority for certain reasons that were satisfactory.

Mr. MILLS. Oh, yes. I rather assumed that the chairman had stated that this morning, that the representatives of all parties at interest have agreed to this settlement as the fairest one that can be worked out.

Finally, it is going to be urged, and urged with a great deal of force and conviction, that the retention of the 20 per cent of the alien property constitutes a violation of the principle of nonconfiscation and is so serious a breach of the international policy which we enunciate as a matter of principle as to justify the defeat of this bill.

My answer is that section 2 specifically provides that all property of German nationals held by the Alien Property Custodian shall ultimately be returned, together with the accrued interest and other earnings thereon; that every line of the bill indicates that we do not propose to appropriate it finally to our own uses, but to retain it as security until the American claimants are satisfied; and that, as I have pointed out, when American claimants have been put on a parity with the German owners by the payment of 80 per cent of their claims, after that for every dollar paid an American claimant a dollar will be returned to the German claimant. But it is going to be said that in turning 20 per cent of the property into the special fund, relieving the United States of legal responsibility therefor, and in placing reliance for its repayment on the sums received from the Dawes annuities, we are, if not actually confiscating, at least so imperiling the ultimate return of the property as to constitute confiscation. My answer to that is twofold: In the first place, I believe that we are going to receive the Dawes annuities over a sufficient period of time to discharge all of these claims; and, in the second place, if these payments should for any reason cease, it will be for the Congress then sitting to decide whether they will keep the pledge which we give in this bill and appropriate the necessary funds, or whether they will repudiate the pledge and, by failure to appropriate, effect confiscation of the rights of German owners. Should I be a Member of that Congress, I have not the least doubt how I should vote. I should vote to make good the pledge and uphold the sound policy which we proclaim in this bill.

Mr. MOORE of Virginia. Will the gentleman allow me to ask him a question right there?

Mr. MILLS. Yes.

Mr. MOORE of Virginia. Is not a reasonable postponement of payment in such case according to the precedents? The gentleman will remember very distinctly in 1802 we pledged this country to pay in settlement of British claims against our citizens something like \$3,000,000. That payment was not to be made at once but in installments. The point I want to get to the gentleman is, it has always been assumed that a reasonable time would be given for a final settlement.

Mr. MILLS. I think that is entirely correct.

Mr. COX. Will the gentleman yield?

Mr. MILLS. Let me complete this statement, and then I will yield for a question.

The CHAIRMAN. The gentleman declines to yield.

Mr. MILLS. Of one thing I am perfectly sure: If confiscation does take place, it will take place then and not now, for in this bill we are providing what we believe will be ample security for repayment. We are providing the very security which we thought good enough to accept for the payment of the claims of our own citizens. If this be confiscation, then the Paris agreement constituted a confiscation of the claims of American citizens against Germany. So this bill can not be interpreted as an act of confiscation. And I will say, further, if at any time the Dawes payments should be inadequate to reimburse the owners of alien property, it will be the duty of the Congress then sitting to make good the pledge we give in this act that all shall be ultimately reimbursed in full.

Now, there is just one more matter that I have to speak of. That is the claims of the United States Government itself, claims which have been recognized by the Mixed Claims Commission and on which awards have been made aggregating \$59,000,000. All the claims I have described are given priority over those of the United States Government when it comes to payment from this special fund. The payment of these awards is postponed until all other claims have been satisfied.

I can see no conceivable objection to this. If it should be asked, Why does the United States Government give these

priority rights, this is the answer: When the Paris agreement was negotiated the United States Government provided that it should have priority in all Dawes payments for the purposes of reimbursing itself for the cost of the army of occupation. In other words, in negotiating that agreement the representatives of our Government gave the Government priority over the claims of its own citizens. Turn about is fair play. The Government should now give the citizens priority. In the second place, the earnings of the war-risk insurance bureau, after paying all losses, showed a profit large enough to take care of all other compensable claims of the United States Government and leave a surplus of \$1,000,000 in the Treasury.

Now, this should be known: The United States is not out of pocket to the extent of one cent by reason of these claims. They arise mostly from ships sunk; and, in so far as the ships that were insured by the war-risk insurance bureau are concerned, the war-risk insurance bureau shows a profit of \$17,000,000 after all payments. So far as other ships lost are concerned, their value is \$16,000,000; so that if we apply to them the profits, the \$17,000,000 made by the war-risk insurance bureau, the United States Government has a net profit, as I said, of \$1,000,000.

Mr. LaGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. MILLS. Yes.

Mr. LaGUARDIA. Is that applicable to private insurance companies?

Mr. MILLS. I think the argument might be applied to some of those companies possibly, but not all. It would be difficult to say that it applied to reinsurance.

Now, the United States Government has priority to the extent of \$250,000,000 because of the army of occupation costs, and I think it was an act of gross injustice, when the Paris agreement was made, for representatives of our Government, representing American national as well as the Government itself, to give priority to the Government, while American citizens had to take a back seat.

Let me conclude as I began. There is no pretense anywhere that this is an ideal solution, but I defy anyone, given all the circumstances, political and otherwise, to offer a better one; and certainly I have very little patience with a man who comes in and criticizes this bill without showing any better way, not just of disposing of one group, but of all. [Applause.]

Pass this bill, gentlemen, and what happens? The German property owners get over \$200,000,000 worth of property back at once. The German ship, radio, and patent owners receive at least 50 per cent of the value of their property, and in my judgment that 50 per cent will certainly aggregate \$40,000,000. The American claimants in the course of two years will receive no less than \$104,000,000, and all death and personal-injury claims and all claims under \$100,000 will be paid at once.

Defeat this bill, and what happens? These vast sums, which should be put to fruitful use, will continue idle and unproductive. Thousands of individuals will be deprived of property which is rightfully theirs for years to come, perhaps for generations to come, and a great principle will theoretically have been maintained in its entire integrity only by inflicting in practice the most cruel and grossest injustice. I am just as ready as the next man to be an idealist, but I do not believe in practicing my idealism at the expense of some one else. That brand of idealism should be sent C. O. D. to the idealist and not charged to his neighbor. [Applause.] Just let me add, that idealism in politics—and I am using the term in its best sense—unless supported by realism capable of dealing with facts and conditions as they exist, may on occasions do infinitely more harm than any of these compromises which the idealist scorns as beneath him. [Applause.]

Mr. WEFALD. Mr. Chairman, will the gentleman yield?

Mr. MILLS. Yes.

Mr. WEFALD. Will the gentleman please tell us what the passage of this bill will cost the taxpayers ultimately?

Mr. MILLS. Nothing.

Mr. McKEOWN. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. McKEOWN. I ask unanimous consent that the gentleman may have one minute more. I want to ask him a question.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. McKEOWN. Can the gentleman tell me why there was only one arbiter fixed for the hearing to determine the value of the German ships?

Mr. MILLS. I do not think there was any precise reason. The matter of valuing the ships is not very difficult. One man or three men can decide the value of the ships in a comparatively reasonable time. But the value of some 4,000 patents,

some of which are good and some of which are bad, has to be determined, and the final award for ships, radios, and patents can not be made until the value of all those patents is determined. Time, therefore, is of the essence. We thought that by giving one man full authority, authorizing him to cut through legal intricacies and reach a result, was the most practical way to handle this question. For this purpose one man is better than three. Member after member of the Committee on Ways and Means expressed himself in the discussions of the committee as only too glad to go to the President and recommend Judge Parker's appointment as arbiter. He is the umpire of the Mixed Claims Commission. With such a man as arbiter, no reasonable fears can be entertained. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. COLLIER. Mr. Chairman, I yield 25 minutes to the gentleman from Illinois [Mr. RAINEY].

The CHAIRMAN. The gentleman from Illinois is recognized for 25 minutes.

Mr. CONNALLY of Texas. Mr. Chairman, I make the point of no quorum.

The CHAIRMAN. One hundred and two Members are present, a quorum.

Mr. RAINEY. Mr. Chairman and gentlemen of the committee, I expect to vote for this bill. It comes from the committee with a unanimous report. I may offer, as the reading of the bill proceeds, one or two amendments, but, whether they are adopted or not, I shall vote for this bill. It is the best we can do at the present time. It corresponds more nearly with present American ideals and present American sentiment than any other measure that can now be drawn.

The gentleman from Georgia [Mr. Cox] criticized the bill as being inconsistent in its wording, and I agree with him. It is inconsistent when we say in the opening statement of this bill that we are doing this in "pursuance of established American doctrine." When we say that we are making a statement that is strained and far-fetched indeed. There is no such established American doctrine. There has been no such doctrine ever established before in the history of any nation in all the centuries. We are establishing it now. We are not following precedents. We are refusing to follow precedents in drafting this bill. We are refusing to follow the decision of the Supreme Court in the Chemical Foundation case. We are refusing to follow the provisions of the treaty of Versailles, which gives to us absolutely this confiscated property. We are refusing to follow the provisions of our own treaty with Germany, the treaty of Berlin, because that treaty gives us absolutely this property. We are refusing to follow our allies in the World War—they all confiscated German property and kept it, and never propose to return it. We are, therefore, taking a long step in advance, and a step which, I am sure, this Nation will never regret in the centuries to come. We are furnishing in this settlement with Germany a precedent for all the nations to follow through all the centuries.

In the hearings it was contended that the established American doctrine was to return confiscated property, and the officials of this Government appearing before the committee, and the other witnesses, always referred to our treaty with Prussia of 1799 as establishing this doctrine. Our treaty with Prussia of 1799 simply declared that in the future, in the event of wars between that country and the United States, the confiscated property during the war of the citizens of either nation residing in the other nation and outside of fortified cities should be returned. That is all there was to that treaty. That treaty expired by its own terms in 1810. In 1828 we made another treaty with Prussia reincorporating in that treaty this provision, and that treaty with Prussia remained in force until the World War. The treaty of Versailles ended all of these treaties, of course, including the treaty with Prussia of 1828, but it contains a provision which authorizes any nation a party to any of these bilateral treaties—including, of course, this treaty—to renew the treaty within a time limited for that purpose. I took the matter up with the Secretary of State a few days ago, and in the hearings I have published a letter from him in which he says that the State Department considered renewing the bilateral treaty with Prussia of 1828, but elected not to do so, and the treaty of 1828 is not now in force and effect. However, we followed absolutely its terms by returning to German nationals living in the United States their property. They have all got it back long ago, and this bill contemplates only the return of the property and the moneys of ex-enemy German nationals living in Germany.

Mr. RATHBONE. Will the gentleman yield?

Mr. RAINEY. I yield.

Mr. RATHBONE. Will the gentleman kindly enlighten me as to this? How could the treaty of Versailles abrogate our treaty with Prussia when we were not a party to the treaty of Versailles and never ratified it?

Mr. RAINEY. Because Prussia, now a part of Germany, was a party to the treaty of Versailles, and without entering into a technical discussion of the matter, which would take some time, I will simply call the attention of the gentleman from Illinois to the letter from the Secretary of State addressed to me, which I have printed in the hearings, in which the Secretary of State admits that the treaty of Versailles abrogates the treaty of 1828; that this Government has not renewed it, and that treaty is not now in force and effect and, of course, that completely answers the gentleman and settles the question.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. RAINEY. Yes.

Mr. CONNALLY of Texas. Prior to the treaty of Versailles, had not Prussia violated all of the terms of the treaty of 1828?

Mr. RAINEY. The point I want to make is that the treaty is not in force and effect and not binding. However, notwithstanding that fact, we have in our generosity, in effect, observed that treaty and have already returned the property of enemy nationals living in the United States during the war.

I am contending for the most advanced ethical grounds in these matters, and I am attempting in this address to show the credit to which the United States is entitled in the world for the position, the generous, humane position she takes now in this bill, and I am showing she is not compelled to do it by any treaty in force to which she is a party anywhere with any nation in all the world.

We are establishing a precedent here, a serious precedent, and we ought to discuss it in that light and claim credit for what we do in the world and not insist we are doing it because we are following an established doctrine, because we are not. No nation has ever returned the property of enemy nationals seized by it when the enemy nationals lived in the enemy country during the war; but we are doing it in this bill, and I am in favor of doing it and am going to vote for that provision in this bill and for the bill.

May I now call attention, just in order to get it in the Record and to refresh the minds of the members of the committee, to this situation: The war with Germany ended in November, 1918, with the armistice. The treaty of Versailles followed the next year. Twenty-five nations participated in the preparation and the drafting of the treaty of Versailles, of which number the United States was one. Every nation participating in the drafting of the treaty of Versailles signed it except China. We signed it. Then there followed the repudiation of the treaty of Versailles by the Senate of the United States, and it was never ratified. Under the treaty of Versailles the Reparation Commission was established, and the Reparations Commission derives its entire authority from the treaty of Versailles, a treaty to which we were not a party. Matters dragged along after the convention of Versailles until in 1921, three years later, we entered into the treaty of Berlin with Germany, and by this treaty of Berlin we undertook to secure for ourselves all the advantages of the treaty of Versailles without assuming any of its obligations.

The Dawes Commission was not appointed by the various governments participating in its deliberations. The so-called Dawes Commission of experts was selected by the Reparations Commission at the suggestion of our own Secretary of State. Therefore the Dawes Commission derives all its authority from the Reparations Commission, and the Reparations Commission derives all its authority from the treaty of Versailles, to which we were not a party.

We have sacrificed by our policies enormous American interests; by our policies of avoiding entangling alliances—and I want to discuss now in this connection our foreign policies and show, if I can, how much we have already lost by our refusal to participate in the councils of the nations.

We have a policy, or rather the party now in power has a policy, against entangling alliances, and our Secretary of the Treasury and our Treasury Department and our State Department are encouraging a policy of foreign investments which make entangling alliances inevitable. At the same time we have a policy to which we adhere, that the balances due us must be paid in services or in gold or by an exchange of goods. Then we have a fiscal and a financial and a tariff policy which is just commencing to make the payment of these balances impossible. At the present time there is to our credit in Germany \$2,000,000. I do not know how long it has been there, but we have had that credit there for a month at least, and we can not bring that money here. It belongs to us on account of these Dawes payments, but we are perfectly helpless. We can not get that money into our Treasury because we have a

fiscal and a tariff policy which makes it impossible to pay it in goods, and they have not got the gold. So this is just the beginning of the difficulties into which we are being driven irresistibly by the present policies of this administration.

We have had no definite reparations policy. We have plunged along without one. May I read now from a speech made in New Haven, Conn., on the 29th day of December, 1922, by the American Secretary of State? Mr. Hughes at that time was Secretary of State, and this is what he said. I am quoting from a communication which has been a secret document until now. I think the Senate has now sent for these documents and they will probably be made public, but for fear I am wrong about that, I will not read too much of it and this can be verified by referring to the speech to which I have called attention. I will read an extract from Mr. Chamberlain's letter to our Secretary of State.

Mr. RATHBONE. Austen Chamberlain?

Mr. RAINEY. Yes, sir.

In that belief [referring to our position that we did not want reparations] His Majesty's Government was strongly confirmed when in a speech at New Haven on 29th of December, 1922, of which the American Secretary of State caused the text most courteously though informally to be communicated to His Majesty's ambassador at Washington, the American Secretary of State used the following words:

"The crux on the European situation lies in the settlement of reparations. There will be no adjustment of other needs, however pressing, until a definite and accepted basis for the discharge of reparation claims has been fixed. It is futile to attempt to erect any economic structure in Europe until the foundation is laid. How can the United States help in this matter? We are not seeking reparations. We are, indeed, asking for the reimbursement of the costs of our army of occupation and with good reason, for we have maintained our army in Europe at the request of the Allies and of Germany, and consider an agreement that its cost with like army costs should be a first charge upon the amount paid by Germany. Others have been paid and we have not been paid, but we are not seeking general reparations. We are bearing our own burden and through our loans a large part of Europe's burden in addition. No demands of ours stand in the way of a proper settlement of the reparations question."

That is the position taken by Secretary Hughes three years after the Versailles treaty expressly disclaiming in his New Haven speech that we propose to make any claim whatever for reparations. In order to make that speech effective and to give the Government of Great Britain that information as to the attitude of this Government, he handed to the British Government a copy of this speech.

Now we are claiming reparations—and of course we ought to claim reparations—but what a reversal that is, and in what a humiliating position it places this great Government of ours.

The Secretary of State until the spring of 1924 refused to attempt to collect anything under the treaty of Versailles. The treaty of Berlin is not worth the paper it is written on, and it never was. Twenty-four nations in this world, including Germany, have agreed to the treaty of Versailles. Under it reparations are being paid by Germany to those who through the Reparations Commission claimed it. We, having refused to sign up, have as a matter of law and abstract right no right to any reparation under the treaty of Versailles. Secretary Hughes in his speech realized that fact and did not ask for it.

Asking for it now is only an afterthought. It is an attempt to get back the horse after somebody has got him out of the barn. We are always entitled, of course, to the expenses of our army of occupation, which have been scaled down to \$255,000,000. Between the London conference in 1925, under which we are now receiving this payment, and the Versailles treaty in 1919, in a period of six years the German Government has paid to the Reparations Commission \$1,280,000,000, and thought as a part of this that she was paying the \$255,000,000 that she owed us on account of the expenses of our army of occupation.

A decent attention to our own business, the business of 110,000,000 people of the United States, would have secured for us this \$255,000,000 years ago. Now we are compelled, after defiantly saying that we would have nothing to do with the other nations—we are compelled after it is shown that under the treaty of Berlin we can get nothing from Germany because other nations have a prior claim on Germany—Germany mortgaged all her resources to them in the treaty of Versailles, three years before she gave us a second mortgage in the treaty of Berlin; and under the treaty of Berlin we, of course, can get nothing.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. COLLIER. I yield the gentleman 10 minutes more.

Mr. CONNERY. Will the gentleman explain if there is anything in the bill that takes care of American nationals who loaned money to Germany before the war?

Mr. RAINEY. No; absolutely nothing. This bill only takes care of the claims against Germany allowed by the Mixed Claims Commission, and the Mixed Claims Commission refused to allow the claims mentioned by the gentleman.

Mr. CONNERY. Are we going to give back property seized during the war which will benefit Germans and Americans of German origin and refuse to reimburse Americans who loaned money to Germans prior to the war?

Mr. RAINEY. That is exactly what we are doing. I regret it as much as the gentleman does, but that is the best we can do in the unfortunate position in which the Harding administration and the present administration has placed us. I am sorry, because I think they ought to be taken care of, but they are not going to be.

Notwithstanding our aloofness at the treaty at Versailles, at the London conference, in the winter of 1924-25, we were compelled to humbly petition the nations whose comradeship and friendship we had scorned to permit us to come in; and we asked them to give us some of the money they were collecting through the reparations commission from the German Government. Finally, after an interchange of blistering letters in this little pamphlet, which I understand may be confidential, England consented to permit us to come in. The result was these pittance we are now receiving.

We lost the money paid prior to the London conference and supposedly paid on account of the army of occupation. We have postponed for a period of 25 years at least, and perhaps much longer than that, the collection of this amount of money from Germany. At the expiration of a period of nearly a quarter of a century we will have collected only from Germany the principal of the \$255,000,000, which repays the cost of our own army of occupation, which we furnished at the request of Germany and at the request of other powers.

On account of our neglect and the gross neglect of our State Department, in that settlement alone we lose in interest \$175,000,000. This is the result of negotiations that have been going on, or which rather have not been going on, between this country and the nations of Europe. It is in harmony, in absolute harmony, with the lack of policy or with the unfortunate policy displayed by us at the present time in the conduct of matters in South American republics. It is typical of this administration and of the preceding administration.

I yield back the remainder of my time.

Mr. LOZIER. Mr. Chairman, before the gentleman leaves the floor, will he yield to me?

Mr. RAINEY. Yes.

Mr. LOZIER. Apropos of the gentleman's suggestion that the Government of the United States wanted to avoid entangling alliances with other nations, the gentleman spoke about the policy of lending enormous sums of money abroad. The gentleman, of course, is familiar with diplomatic notes between the Secretary of State and the Government of El Salvador, by which the State Department undertook to secure the appointment of the Chief Justice of the United States Supreme Court to act as arbitrator in the event of any controversy between the Republic of El Salvador and the holders of these bonds represented by this loan?

Mr. RAINEY. Yes; I know of that.

Mr. LOZIER. It is one instance of the Federal Government's using the agency of the State Department to assist in the collection of loans made in foreign nations, to the extent of asking the Chief Justice of the Supreme Court of the United States to act as arbitrator to determine a controversy with reference to loans made in Latin America.

Mr. RAINEY. And the policy of this administration, in addition to that, has been to encourage these enormous loans that we are making in foreign countries. We are engaged now, under the policies of this administration, in building up the industries of foreign nations, in furnishing them with equipment with which to compete with us. The building of a \$10,000,000 automobile factory in northern Italy illustrates this situation perhaps more clearly than any other enterprise in which the New York bankers have recently engaged, with the approval of the State Department and the Treasury Department.

As I recall this automobile-factory investment, the proposition is to build in northern Italy, with American capital, an automobile factory to manufacture a closed automobile of the European model, to sell for \$635. The bonds are priced to yield 8 per cent. Attached to each bond is a coupon authorizing the holder of the bond to purchase a share of stock for \$55 at any time before the maturity of the bond. This factory is to be operated with Italian workmen. These workmen, under Italian laws, can not strike—they must work for a small wage

and they must work for 10 hours a day. This investment offers inducements which especially appeal to our American captains of industry. The operation of this factory means nothing to American labor; no American raw materials will be used, and the only returns we will get from it are the dividends the American investors will receive, and this investment is typical of the other investments we are making in European countries. Our automobile industry is our greatest industry and automobiles are our greatest item of export except cotton. This Italian industry strikes directly at the greatest and the most important industry we have. Already the investments we have been making yield in returns an amount every year greater than our balance of trade. We are, in other words, getting more for the money we sell abroad than for the goods. How long will it be until this condition is felt throughout the United States, and the prosperity, which is apparent now only in spots, certainly not in the agricultural sections of the country, may be displaced by a period of depression?

We have blundered along in the matter of reparations until we have lost nearly \$200,000,000. We maintained our absurd policy of isolation until, in order to obtain the pittance which are now going to be paid to us, we were compelled to abandon our policy of isolation long enough to crawl into the London conference and beg for part of the reparations which are being collected by the Reparations Commission. We are now returning this property and paying these claims, including the claims of our nationals against Germany on account of the sinking of the *Lusitania*, with the hope that the payments provided for in the London conference by the Reparations Commission may not fail, and with the hope that for the next 25 years there will be no war in Europe, and that we may be reimbursed in the next quarter of a century for the large expenditures we are now making. I am going to vote for this bill. It is the best we can hope from this administration. It upholds present American ideals in spite of the bungling which has characterized our State Department under the Harding administration and under the present administration. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. GREEN of Iowa. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. CHINDBLOM].

Mr. CHINDBLOM. Mr. Chairman, I was one of the "die-hards" in the Committee on Ways and Means on this legislation. I would prefer the Mills bill as introduced in this House, but I am in exactly the same position as the gentleman from New York [Mr. MILLS], who introduced that bill. I have concluded that it is my duty under the conditions existing to support the present measure. I am satisfied that this bill represents the best compromise agreement for legislation which can be passed through the House and the Congress at this session, and perhaps for many years to come. I am also convinced that it substantially complies with our historic standards and ideals in like circumstances. I wish, however, to state my own views on this entire subject.

I believe that all property belonging to alien enemies, and taken into custody by the Government on account of war, should be returned to the owners as speedily and completely as possible. I further believe that our Government should provide for reimbursement to American nationals of losses sustained by them on account of the war through the act of an enemy and its nationals, and that this payment should also be made as speedily and completely as possible. To accomplish these purposes I would prefer to return at once to the German owners all money and other property in the hands of the Alien Property Custodian, and to provide by an appropriation or a bond issue for the immediate advancement to American claimants of the amounts of their claims against Germany and its nationals. These Americans have sustained specific and unusual losses because of the participation of our country in the war, different from and in addition to the losses sustained by all the people on account of the great conflict. In these statements of policy I have included only the property of private individuals and corporations of Germany and the claims of private individuals and corporations of our country.

Our Government should and, I believe, would be reimbursed to the full extent of its advancement through reparation payments by Germany under the Dawes plan or such future arrangement as might possibly be made. I believe that the nationals of a nation should not suffer personal or individual losses by reason of the state of war in which their country is engaged. Such losses are, and should be, the burden of the people, and the Government in treating with such losses represents the entire people. These policies sustain the great American doctrine and ideal that private property shall be sacred in the event of war.

However, as was said on another occasion, "it is a condition and not a theory that confronts us." If the legislation now proposed should fail, there is great danger that the entire subject matter will languish for many years as have other questions of similar character. Many Members of Congress, representing doubtless a considerable public sentiment as well, are unwilling, as they put it, to use the money of the taxpayers to pay claims against Germany, and, on the other hand, they insist that German property shall not be returned until American claims have been paid. The present bill represents a compromise, not of principles or of policies essentially, but of plans proposed not only by legislators but by the parties interested themselves. I believe the bill in theory recognizes and embodies the principles which I have stated, although the consummation will be postponed longer than I would desire, if the matter were within my control. There will be no confiscation of private property, and the least possible hardship will result to owners of German property as well as American claimants who can least afford to be deprived of their means; and such preferences as there are in the matter of payment are based on consideration of necessity and humanity.

The bill also provides for the reimbursement of German owners of property seized and used by our Government during the war, including ships, patents, and a radio station. The value of these properties will be determined by an arbiter, and the awards made by him will be paid. Care has been taken that the procedure which has been established will not interfere with the arrangements already made by our Government, not only with Germany but with our late associates in the war. Compensation is given in interest and earnings for the postponement of settlements and payments. In this way there will be ultimate, complete satisfaction of all reasonable demands.

Enemy alien property will not be retained by our Government for any purpose, but will ultimately be returned to their owners, and these owners will not be relegated to their own Government for satisfaction of their claims; and American claimants against Germany and its nationals will be paid their claims in full, within a reasonable time and much earlier—approximately two-thirds less time—than they could be paid under the Dawes plan, that plan representing, as is well known, the maximum payments to which Germany is deemed to be able to pay and can be required to pay on account of reparations. The Dawes plan is the only method now existing by which repayments may be made to us from the Government of Germany. I believe it perfectly fair for the Government of the United States to postpone the payment of its own claims against Germany until like claims of American citizens have been fully paid. The war was the act of the Government of the United States, representing the whole body of the people, and the whole body of the people should not impose special burdens upon some of its citizens on account of the common cause of the war.

We may express our regrets in as sincere and deep terms as we desire that our Government has not been able to go into Germany and collect reparations. The time was when we all believed it impossible for Germany to pay the reparations demanded of her, but she has made wonderful progress and improvement in her economic condition.

We have every reason to believe to-day that the payments coming to the United States under the Dawes plan will be made in full, and when they are made in full our Government will be reimbursed completely for every dollar it has advanced under the present plan. The Dawes plan, we have been told, and were told at the time of its adoption, represented a maximum of payments possible to be made by the German Government and the German people. It is idle, as did my colleague from Illinois [Mr. RAINEY] a moment ago say, now to decry the settlement under the Dawes plan. That, too, is a condition and not a theory. We have no other means of securing reimbursement from Germany at the present time.

My colleague from Illinois [Mr. RAINEY] also spoke of the treaty with Prussia. I shall not take the time to read that treaty, but he said that treaty has expired at the present time. That is true. It expired on the 25th of August, 1921, and at that time we had seized the property which we are now holding. Whether it has expired by this time is, of course, immaterial. The treaty to which he referred was in full force and effect at the time when the property was seized, and by its very terms it was not to be abrogated in the event of war. I might say for the information of those who do not happen to have the treaty in mind that it provided that the property of the nationals of the two countries, the United States and Prussia, should not be seized even in a state of war, and it provided specifically that war itself should not abrogate the treaty, but that those provisions were made in view of possible war and to

provide for the very condition which would arise in the case of war.

Mr. LAGUARDIA. They had vision in those days.

Mr. CHINDBLOM. Yes. Secretary Hughes made a speech about reparations in 1922, says my colleague from Illinois [Mr. RAINEY]. That was prior to the Paris agreement of 1925. It was before we had made any arrangement to participate in the reparations payments. Let us not argue against ourselves. Europeans entirely agree that we have not sought any reparations from Germany for any other cause except actual property loss sustained by our country and by our nationals. Those reparations are merely in the nature of compensation, payment to America and its nationals for actual loss and damage sustained. They represent no reprisals or indemnities.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. GREEN of Iowa. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. WATSON].

Mr. WATSON. Mr. Chairman, I was rather surprised to hear a Member of the House state that this bill was reported out of the committee with one objective purpose, to deceive the Members of the House. Since I have been a Member of Congress, to my knowledge there has never been a bill reported as unanimously as the one now under consideration. And I also have observed that when any bill has been brought to this House for consideration where the honor of the Government is at stake it has received the unanimous support of both sides of the House.

On the 6th of April, 1917, between 2 and 3 o'clock in the morning, the Members of the House voted upon the resolution—

That a state of war between the United States and the Imperial German Government which has been thrust upon the United States is hereby formally declared.

No one knew or cared to prophesy what that resolution would carry to the American people and the peoples of the world. We know now only in part, perhaps. We do know that 125,000 American boys gave their lives for the world's cause; that thousands received permanent injuries, by which they are barred from the many luxuries and privileges which man by nature inherits; and the indebtedness of our Nation increased to \$25,000,000,000.

Germany for years had been expanding her industries, reaching beyond her borders for commercial growth and national wealth. Germans invested millions of capital in this country; thus many concerns were owned and managed by them. In the harbors throughout the world were anchored German ships, and when the declaration of war was proclaimed they sought safety in American ports. Germans owned American patents, controlled the dye industry and secrets for many of our essential medicines. Americans to a lesser degree made investments in Germany, which created a vast trade between the two countries. Our banks carried large balances in favor of German depositors. The declaration of war ended the international commerce, which was not resumed until after the armistice.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. WATSON. I have only 10 minutes, but I will yield.

Mr. CONNALLY of Texas. Will the gentleman explain whether this German property in the United States paid any sort of taxes to the German Government to maintain the war, or whether it paid any taxes here in the way of income from the property or not? The gentleman is on the Ways and Means Committee.

Mr. WATSON. Taxes on all property in America were paid.

Mr. CONNALLY of Texas. Then this German property in the United States was much better off than if it had been in Germany and had to pay on the war?

Mr. WATSON. It might have been.

Mr. CONNALLY of Texas. I beg the gentleman's pardon; I thought he knew.

Mr. WATSON. I do not understand the gentleman's premise, but I do know that properties in America belonging to American or German nationals were subject to taxation, and taxes were paid.

We soon realized that every intellectual force, the maximum power of machines, and financial resources were needed, in order to win. It was imperative to obtain all ocean transportation that could be acquired. Traditions of America forbade confiscation. This policy founded upon various treaties, international law, and humanitarian reasons. Alien property was therefore held in trust during the period of the war. It would be contrary to economical policies to allow aliens to amass for themselves vast profits as the result of war. We could not depend on their willingness in all instances to supply us, naturally many of them would feel that a destruction of essential

properties in America would be an act of patriotism. Finally all these elements formulated in the passage of "trading with the enemy act," October 6, 1917, thereby creating the Alien Property Custodian. This statute was based on the power of Congress to legislate as might be needed for national defense, as provided for by Section VIII, paragraph 131 of the Constitution, which extended power to Congress—

To declare war, grant letters of marque and reprisal, and make rules concerning capture on land and water.

If doubt then wavered in any one's mind as to the interpretation of that section, the decision of the Supreme Court, October 14, 1926, presented clearly the power of Congress as rendered by Judge Butler:

Congress was untrammelled and free to authorize the seizure, use of appropriation of such properties without any compensation to the owners * * * there is no constitutional prohibition against confiscation of enemy properties.

Since trading with the enemy act, October 6, 1917, was passed under the constitutional war powers, which subordinate the rights of individuals to the national need, Congress therefore could have passed laws for absolute confiscation, instead of a lesser degree, as the original statute provided, for a mere conservation of the property:

SEC. 6. That the President is authorized to appoint, prescribe the duties of, and fix the salary (not to exceed \$5,000 per annum) of an official to be known as the Alien Property Custodian, who shall be empowered to receive all money and property in the United States due or belonging to an enemy, or ally of enemy, which may be paid, conveyed, transferred, assigned, or delivered to said custodian under the provisions of this act; and to hold, administer, and account for the same under the general direction of the President and as provided in this act.

SEC. 12. That all moneys (including checks and drafts payable on demand) paid to or received by the Alien Property Custodian pursuant to this act shall be deposited forthwith in the Treasury of the United States, and may be invested and reinvested by the Secretary of the Treasury in United States bonds or United States certificates of indebtedness, under such rules and regulations as the President shall prescribe for such deposit, investment, and sale of securities; and as soon after the end of the war as the President shall deem practicable, such securities shall be sold and the proceeds deposited in the Treasury.

All other property of an enemy, or ally of enemy, conveyed, transferred, assigned, delivered, or paid to the Alien Property Custodian hereunder shall be safely held and administered by him except as hereinafter provided.

The Alien Property Custodian shall be vested with all of the powers of a common-law trustee in respect of all property, other than money, which shall come into his possession in pursuance of the provisions of this act, and, acting under the supervision and direction of the President, and under such rules and regulations as the President shall prescribe, may manage such property and do any act or things in respect thereof or make any disposition thereof or of any part thereof, by sale or otherwise, and exercise any rights which may be or become appurtenant thereto or to the ownership thereof, if and when necessary to prevent waste and protect such property and to the end that the interests of the United States in such property and rights or of such person as may ultimately become entitled thereto, or to the proceeds thereof, may be preserved and safeguarded.

This interpretation is in accord with the statement issued by President Wilson February, 1917:

The Government of the United States will under no circumstances take advantage of a citizen and take possession of property to which, under international understanding and the recognized laws of the land, it has no just claim or title. It will scrupulously respect all private rights of its own citizens and subjects of foreign states.

However, it was not long until additional facts became apparent, as set forth by A. Mitchell Palmer, the Alien Property Custodian. It was then that Congress enacted legislation on March 28, 1918, which amended section 12 of the trading with the enemy act, as follows:

The Alien Property Custodian shall be vested with all of the powers of a common-law trustee in respect of all property, other than money, which has been or shall be, or which has been or shall be required to be, conveyed, transferred, assigned, delivered, or paid over to him in pursuance of the provisions of this act, and, in addition thereto, acting under the supervision and direction of the President, and under such rules and regulations as the President shall prescribe, shall have power to manage such property and do any act or things in respect thereof or make any disposition thereof or of any part thereof, by

sale or otherwise, and exercise any rights or powers which may be or become appurtenant thereto or to the ownership thereof in like manner as though he were the absolute owner thereof. (40 Stat., pt. 1, ch. 28, p. 460.)

In this connection Mr. Palmer, in his report for the year 1918 said, in part:

The legislative intent was plainly that all enemy property, concealed as well as disclosed, should be placed entirely beyond the control or influence of its former owners, where it can not eventually yield aid or comfort to the enemy directly or indirectly. Until the peace terms are finally signed and the ultimate disposition of enemy property determined by the act of Congress, it shall be the firm purpose of the Alien Property Custodian to carry out the will of Congress in respect thereto. * * *

The enemy investments in America divide themselves into two classes. In the first class are the private investments of individual German subjects, who, attracted by the possibilities in America, invested their funds in a small way in this country in real estate, in mortgages, and in securities, chiefly of industrial and transportation companies. In the second class are the investments which have been made by combined capital in Germany having close affiliations with the great political and financial powers of the Empire.

It should be noted that the amendment gave to the Alien Property Custodian the right to deal with the alien property absolutely as though he were the owner, and it was in his power to pass title in a sale under this provision to the Chemical Foundation, although questioned, it was recently sustained by the Supreme Court of the United States, which held—

It is conceded that when seized the patents belonged to enemy Germans and that they were lawfully taken over by the custodian. The purpose of the trading with the enemy act was not only to weaken enemy countries by depriving their supporters of their properties (Miller v. Robertson, U. S. 243, 248), but also to promote production in the United States of things useful for the effective prosecution of the war. * * *

As originally enacted, section 12 gave the custodian in respect of properties in his possession "all of the powers of a common-law trustee." He was authorized, acting under the supervision and direction of the President and under rules and regulations prescribed by the President, to manage the property and do any act or things in respect thereof or make any disposition of it by sale or otherwise and to exercise any rights appurtenant to its ownership "if and when necessary to prevent waste and protect such property, and to the end that the interests of the United States in such property and rights, or of such person as may ultimately become entitled thereto, or to the proceeds thereof, may be preserved and safeguarded." The custodian was a mere conservator and was authorized to sell only to prevent waste. But brief experience made it clear that this restriction on the power to dispose of enemy property sometimes operated to defeat the purpose of the act and brought profit and advantage to the enemy. The amendment of March 28, 1918, eliminated the restriction upon the power of sale. It stated that the other powers given were "in addition" to those of a common-law trustee. And it authorized the custodian under the President to dispose of such properties by sale or otherwise "in like manner as though he were the absolute owner thereof." * * *

And the act makes no provision for compensation. The former enemy owners have no claim against the patents or the proceeds derived from the sales. It makes no difference to them whether the consideration paid by the Foundation was adequate or inadequate. The provision that after the war enemy claims shall be settled as Congress shall direct conferred no rights upon such owners. Moreover, the treaty of Berlin prevents the enforcement of any claims by Germany or its nationals against the United States or its nationals on account of the seizures and sales in question. (Part X, Section IV, article 297, and Annex paragraphs 1 and 3, treaty of Versailles, adopted by article 11 (1), treaty of Berlin, 42 Stat. 1939, 1943.)

Section 12 of the trading with the enemy act guided the committee in formulating this bill. The section alluded to is, in part, as follows:

After the end of the war any claim of any enemy or of an ally of enemy to any money or other property received and held by the alien property custodian or deposited in the United States Treasury shall be settled as Congress shall direct.

This has been construed that Congress intended to return all enemy property seized or sequestered, and this bill is presented for your consideration in an attempt to fulfill the Nation's pledge.

What really was the purpose of Congress must be gathered from the act with amendments, the statements and arguments on the floor, the treaty provisions then in force, and any traditional policy of the United States relative to the same. In the past we have held steadfast to the ideal of the sanctity of private property in opposition to confiscation. Our treaties

with Prussia, and through Prussia with Germany, were enacted in furtherance of that ideal.

Those treaties in so far as they relate to the point now under discussion were clearly set forth in the hearings by my colleague, Mr. RAINY:

Mr. RAINY. During these hearings a great deal has been said about the traditional policy of the United States with reference to enemy property, and attention has been called to the Treaty of Prussia of 1799, and to Article XXIII of that treaty which, with the permission of the committee, I will introduce at this point in my remarks without reading.

Article XXIII as referred to is as follows:

"If war should arise between the two contracting parties, the merchants of either country then residing in the other shall be allowed to remain nine months to collect their debts and settle their affairs, and may depart freely, carrying off all their effects without molestation or hindrance; and all women and children, scholars of every faculty, cultivators of the earth, artisans, manufacturers, and fishermen, unarmed and inhabiting unfortified towns, villages, or places, and in general all others whose occupations are for the common subsistence and benefit of mankind, shall be allowed to continue their respective employments and shall not be molested in their persons, nor shall their houses or goods be burnt or otherwise destroyed, nor their fields wasted by the armed force of the enemy into whose power by the events of war they may happen to fall; but if anything is necessary to be taken from them for the use of such armed force, the same shall be paid for at a reasonable price."

Of course that section had to do only with enemy nationals residing within the United States or residing in Prussia, outside of 45 cities and places during the life of this treaty. This treaty expired by its own limitations on June 22, 1810.

In 1828, however, we entered into another treaty with Prussia, in which we preserved Article XXIII and other articles, and the treaty with Prussia of 1828, which contained Article XXIII of the treaty of 1799, remained in full force and effect until August 25, 1921. At that time we entered into a treaty to restore relations with Germany, and in that treaty we abrogated the treaty of 1828 and all bilateral treaties, with a provision, however, that the United States and other associated powers might revive any of those treaties within a time specified by article 289 of the treaty with Germany of August 25, 1921.

That time has expired and our Government has not given the notice required by the treaty, and therefore the Secretary of State holds that the treaty of 1828 is not in force at the present time.

In this connection I will print without reading a letter written to me by the Secretary of State on October 23, 1926, which I have just received.

The letter referred to is as follows:

MY DEAR MR. RAINY: I take pleasure in acknowledging the receipt of your letter of November 15, 1926, requesting to be advised whether the treaty of commerce and navigation entered into by the United States of America and Prussia in 1828 is still considered in force and effect.

By the treaty concluded between the United States and Germany on August 25, 1921, to restore friendly relations between the two nations, Germany accords to the United States rights and advantages stipulated for its benefit under the treaty of Versailles, which has not been ratified by this Government. Under article 289 of that treaty, bilateral treaties which Germany concluded with each of the allied and associated powers are in effect, abrogated, and the right is accorded to each allied and associated power to revive, by giving notice to Germany within a specified period, any treaty or convention which it may be desired to continue in effect. This Government considered the matter, and it was not deemed advisable to give notice within the period referred to in article 289, as extended by paragraph 5 of article 2 of the treaty between the United States and Germany of August 25, 1921, of its intention to revive the treaty of 1828 between the United States and Prussia, and the department, therefore, does not consider this treaty to be in force at the present time.

I am, my dear Mr. Rainey, very sincerely yours,

FRANK B. KELLOGG.

This in no way affected our power to pass legislation that we deemed wise and take action thereon.

We find that all the warring nations provided "custodians," including Germany, and also, with the exception of Germany, they retained the property thus acquired.

As a result much of the deliberation on the Versailles treaty was on the property aspect, as appears from the following excerpts:

Articles 297 and 298, with annexes to section 4 of part 10 of the treaty of Versailles, providing among other things for the disposition of the enemy property in the possession of the allied and associated powers (and which was made a part of the treaty of Berlin).

I will not encumber the Record with these articles, as they are so easily obtained.

The Versailles treaty was not ratified by the United States, but on July 2, 1921, the Knox-Porter resolution was adopted by Congress, as follows:

* * * There are expressly reserved in the United States of America and its nationals any and all rights, privileges, indemnities, reparations, or advantages, together with the right to enforce the same, to which it or they have become entitled under the terms of the armistice signed November 11, 1918, or any extensions or modifications thereof, or which were acquired by or are in the possession of the United States of America by reason of its participation in the war or to which its nationals have thereby become rightfully entitled, or which, under the treaty of Versailles, have been stipulated for its or their benefit; or to which it is entitled as one of the principal allied and associated powers; or to which it is entitled by virtue of any act or acts of Congress; or otherwise.

A treaty of peace was negotiated between United States and Germany, known as the Berlin treaty, signed August 25, 1921, and ratified by the Senate October 18, 1921, which in part is as follows:

SEC. 5. All property of the Imperial German Government, or its successor or successors, and of all German nationals, which was, on April 6, 1917, in or has since that date come into the possession or under control of, or has been the subject of a demand by the United States of America or of any of its officers, agents, or employees, from any source or by any agency whatsoever, and all property of the Imperial and Royal Austro-Hungarian Government, or its successor or successors, and of all Austro-Hungarian nationals which was on December 7, 1917, in or has since that date come into the possession or under control of, or has been the subject of a demand by the United States of America or any of its officers, agents, or employees, from any source or by any agency whatsoever, shall be retained by the United States of America and no disposition thereof made, except as shall have been heretofore or specifically hereafter shall be provided by law until such time as the Imperial German Government and the Imperial and Royal Austro-Hungarian Government, or their successor or successors, shall have respectively made suitable provisions for the satisfaction of all claims against said Governments, respectively, of all persons, where-soever domiciled, who owe permanent allegiance to the United States of America and who have suffered, through the acts of the Imperial German Government, or its agents, or the Imperial and Royal Austro-Hungarian Government, or its agents, since July 31, 1914, loss, damage, or injury to their persons or property, directly or indirectly, whether through the ownership of shares of stock in German, Austro-Hungarian, American, or other corporations, or in consequence of hostilities or of any operations of war, or otherwise, and also shall have granted to persons owing permanent allegiance to the United States of America most-favored-nation treatment, whether the same be national or otherwise, in all matters affecting residence, business, profession, trade, navigation, commerce, and industrial property rights, and until the Imperial German Government and the Imperial and Royal Austro-Hungarian Government, or their successor or successors, shall have respectively confirmed to the United States of America all fines, forfeitures, penalties, and seizures imposed or made by the United States of America during the war, whether in respect to the property of the Imperial German Government or German nationals or the Imperial and Royal Austro-Hungarian Government or Austro-Hungarian nationals, and shall have waived any and all pecuniary claims against the United States of America.

This treaty gave United States alternative rights. One, to avail ourselves of the provisions of the Versailles treaty which authorized liquidation of enemy alien assets; the other, to hold that property as a guaranty of reparation payments.

The United States and Germany availed themselves of the Mixed Claims Commission method of ascertaining the amounts due nationals of the United States and the United States, for certain specified classes of injuries for which Germany assumed liability, but it was found there was a complete breakdown in the German payments, so that in July, 1924, a conference was held in London for the purpose of devising a method for a resumption of payments. It was attended by representatives of the allied powers to consider the recommendations of the Dawes committee. In view of the nature of payments contemplated by the Dawes plan, the American Ambassador at London was directed to attend the conference in order that the interests of the United States be safeguarded. While the London conference resulted in agreements between the allied powers, as well as those powers and Germany, for putting the Dawes plan into effect, that conference, however, did not attempt to distribute the payments which it was expected would be received under the plan.

It was arranged that a meeting of finance ministers of the allied powers should be convened for the purpose of allocating these payments. That meeting was held in Paris on January 7, 1925. It was important that the payments expected under the Dawes plan should not be distributed without appropriate recognition of the claims of the United States, and its participation in these payments. The American ambassador at London, the American ambassador at Paris, and James A. Logan, jr., who had been acting as observer in relation to the transactions of the Reparation Commission, were instructed to attend and represent the United States at this meeting, which resulted in the Paris protocol of January 14, 1925. The salient parts of that protocol relating to this subject are—

(A) Out of the amount received from Germany on account of the Dawes annuities there shall be paid to the United States of America the following sums in reimbursement of the costs of the United States Army of Occupation and for the purpose of satisfying the awards of the Mixed Claims Commission established in pursuance of the agreement between the United States and Germany of August 10, 1922.

1. Fifty-five million gold marks per annum, beginning September 1, 1926, and continuing until the principal sums outstanding on account of the costs of the United States Army of Occupation, as already reported to the Reparation Commission, shall be extinguished. These annual payments constitute a first charge on cash made available for transfer by the transfer committee out of the Dawes annuities, after the provision of the sums necessary for the service of the 800,000,000 gold marks, German external loan, 1924, and for the costs of the Reparation Commission, the organizations established pursuant to the Dawes plan, the Interallied Rhineland High Commission, the Military Control Commissions, and the payment to the Danube Commission provided for in article 9 below, and for any other prior charges which may hereafter with the assent of the United States of America be admitted. If in any year the total sum of 55,000,000 gold marks be not transferred to the United States of America the arrears shall be carried forward to the next succeeding annual installment payable to the United States of America, which shall be, pro tanto, increased. Arrears shall be cumulative and shall bear simple interest at 4½ per cent from the end of the year in which the said arrears accumulated until they are satisfied.

2. Two and one-quarter per cent of all receipts from Germany on account of the Dawes annuities available for distribution as reparations, provided that the annuity resulting from this percentage shall not in any year exceed the sum of 45,000,000 gold marks.

(B) Subject to the provisions of Paragraph A above, the United States of America agree:

1. To waive any claim under the army cost agreement of May 25, 1923, on cash receipts obtained since January 1, 1923, beyond the sum of \$14,725,154.40 now deposited by Belgium to the account of the Treasury of the United States in a blocked account in the Federal Reserve Bank of New York, which sum shall forthwith be released to the United States Treasury.

2. That the agreement of May 25, 1923, does not apply to payments on account of reparations by any ex-enemy powers other than Germany.

3. That the agreement of May 25, 1923, is deemed to be superseded by the present agreement.

(C) The provisions of this agreement relating to the admission against the Dawes annuities of charges other than reparations and the allotments provided for such charges shall not be modified by the allied governments so as to reduce the sums to be distributed as reparations, save in agreement with the United States of America.

(D) The United States of America is recognized as having an interest, proportionate to its 2¼ per cent interest in the part of the annuities available for reparation, in any distribution of railway bonds, industrial debentures, or other bonds issued under the Dawes plan, or in the proceeds of any sale of undistributed bonds or debentures and as having the right also to share in any distribution or in the proceeds of any sale of such bonds or debentures for any arrears that may be due to it in respect of the repayment of its army costs as provided in the present agreement. The United States of America is also recognized as having an interest in any other disposition that may be made of the bonds if not sold or distributed.

This protocol was signed on behalf of the United States by Myron T. Herrick, Frank B. Kellogg, and James A. Logan, jr.

The question is presented whether our acceptance of the 2¼ per cent, amounting to about \$11,000,000 yearly, was a suitable arrangement by Germany, as would amount to an acceptance by the United States not to liquidate the German assets held by the United States, but to regard them as a guaranty, and further to assume the satisfaction of the matter thus guaranteed, so as to oblige the United States to return such property at once.

It should be understood that the acceptance of 2¼ per cent was the result of an agreement between the Allies and the United States, that Germany was not a party to it, that even the 100 per cent total was arrived at by the Allies, not as a

result of any treaty with Germany, and that the Versailles treaty is still in effect.

Germany, however, agreed by the Versailles treaty to compensate her nationals for any private property liquidated by her enemies. While she has done nothing for those whose property we have in our possession, she has made the following arrangement for her other nationals, as shown in a reply of the German embassy to Hon. William R. Castle, chief of western European affairs of the State Department: On the question, "Does the German budget for 1924-25 contain this provision: Settlement charges, compensation for losses due to sequestration and liquidation of German property in foreign countries, 289,000,000 marks? Does the 1925-26 budget contain a similar provision?" The German Embassy replied as follows:

The German budgets for 1924, 1925, and 1926 contain certain items for the allowance of compensation to German nationals whose property has been confiscated by victorious powers during or in consequence of the war. The table annexed hereto (Exhibit 1) specifies these items and shows the amounts actually granted and paid under them to German nationals. This table shows in particular that the item of 289,000,000 marks contained in the budget for 1924 and mentioned in Mr. Parker Gilbert's report of May 30, 1925, referred principally to losses caused to German nationals through compulsory measures (expatriation and expulsion from territories ceded to allied powers under the Versailles treaty) and to damage to German private property caused by hostilities within the former German colonies. Only 17,400,000 marks out of this item of 289,000,000 marks were granted and paid for damages caused by confiscation of private property abroad. The corresponding items in the budgets for 1925 and 1926 are 89,700,000 and 4,141,200 marks, respectively.

The German legislation dealing with the compensation of German nationals for losses sustained by confiscation of private property abroad is set out in detail in Exhibit 2. It appears from this exhibit that the compensation granted by Germany in such cases averages 4.10 per cent of the pre-war value, that in case of confiscation of cash or securities the percentage allowable is only 2 per cent, and that in all cases where the loss sustained exceeds 200,000 marks the percentage allowable for damages beyond this figure is only two-tenths of 1 per cent.

German nationals whose property in the United States was taken over by the Alien Property Custodian under the trading with the enemy act have not received any compensation under the laws quoted in the annex and are not entitled thereto for the reason that their property has not been confiscated but is merely being retained by the United States. If such property were to be confiscated by the United States they would thereby become entitled to the same rates as allowed to Germans whose property was confiscated by the allied powers. As, however, the assets held by the United States consist almost exclusively of cash and securities, the percentage to be applied would—with a few exceptions—be 2 per cent of the pre-war value for assets not exceeding 200,000 marks in each particular case and two-tenths of 1 per cent for all amounts exceeding this figure.

It must be noted that the laws set out in the annex do not apply to ships taken by the United States during the war, for the reason that the losses sustained by the German shipowners were settled on a different basis. The shipbuilding industry in Germany was a very important one, employing many thousands of mechanics and laborers, and the general welfare was especially involved in this question, for the double reason that these workmen were not well adapted to other trades and that the acquisition of ocean-going vessels to enable Germany to undertake once more an export trade (which also involved the import of raw materials for her factories) was necessary if economic life was to be revived and the country enabled to live and to look forward to the payment of reparation obligations.

It was therefore considered advisable, instead of including the shipowners in the general compensation scheme, to meet their requirements for once and all by the payment of a fixed amount under the condition that the sums so granted were to be used for immediate reconstruction of at least a small part of the German merchant marine. The amounts allowed under this settlement were at first calculated in such a way as to equal about one-third of the pre-war value of the vessels in question. Due to the depreciation of the German currency, however, the sums paid out to the shipping companies decreased in value before they could be translated into the form of ships actually built to such an extent that they did not cover more than approximately 10 per cent of the peace value of the lost fleet. In view of this obvious inadequacy it was expressly provided that the shipowners could retain for themselves any sums which they might afterwards receive from foreign governments on account of lost tonnage. As far as the ships taken in American ports are concerned, the situation to-day is that the former owners have not been compensated for them from any source whatsoever, and that in the event the United States makes compensation for these losses the amounts awarded would go to the former owners exclusively, the German Government having no charge on or share in the amounts thus paid.

WASHINGTON, D. C., April 20, 1926.

EXHIBIT 1

Table showing appropriations for compensating German nationals for losses caused by confiscation of private property abroad and payments actually made under such appropriations

	Amounts appropriated for confiscation damages and other war losses ¹		Amounts paid for confiscation damages		Amounts paid for other war damages	
	Marks	Dollars	Marks	Dollars	Marks	Dollars
1924.....	329,710,000	76,328,980	17,400,000	4,141,200	82,100,000	19,539,800
1925.....	73,000,000	17,374,000	89,700,000	21,348,600	196,500,000	46,767,000
1926.....	50,000,000	11,900,000	4,400,000	1,047,200	-----	-----

¹ The appropriations do not distinguish between the different classes of war damages.

Up to 1924 there had been paid for confiscation damages altogether 202,700,000 marks (\$48,242,600).

The total sum up to now paid for this purpose, including the amounts paid up to 1924 and the amounts set out above, is 314,200,000 marks (\$74,779,600).

EXHIBIT 2

Article 297 (1) of the Versailles treaty provides as follows:

"Germany undertakes to compensate her nationals in respect of the sale or retention of their property, rights, or interests in allied or associated States."

The aggregate value of the private property to which this article applies has been estimated at 11,000,000,000 gold marks or \$2,618,000,000, exclusive, however, of private property retained by the United States.

In order to execute this provision, the German Constitutive National enacted a law on August 31, 1919, providing that "appropriate compensation" should be paid to German nationals for seizure, retention, or confiscation of their property, rights, or interests under the treaty of Versailles.

In consequence of the financial difficulties confronting Germany after the war and in particular in view of the reparation problem it was not feasible for a long time to establish definite principles as to the amounts payable under this law. It was merely possible to make certain provisioned payments in order to meet the most urgent needs. Up to the time when the German finances collapsed in 1923 these payments had reached the aggregate amount of approximately \$48,000,000.

The paramount purpose of balancing the budget in order to lay the foundation for the stabilization of the German currency at the end of 1923 made it necessary for Germany to cut down her expenditures to the utmost minimum. Under the pressure of that emergency the Reichstag on November 20, 1923, enacted a law fixing the compensation payable for private property rights and interests lost on account of seizure and confiscation to two-tenths of 1 per cent of the peace value in general, and to five-tenths of 1 per cent in certain exceptional cases of hardship.

After the budget had been successfully balanced and the currency stabilized the German Government found it possible to yield to the urgent demands of her nationals and to raise the rates of compensation from what was practically nothing to at least some tangible percentage for losses not exceeding the amount of 200,000 marks (or \$47,400), and to take better care of cases where the confiscatory measures applied by the victorious powers had practically ruined the existence of the persons affected thereby. As far as the damage done exceeded the amount of 200,000 marks the above-mentioned rate of two-thirds of 1 per cent remained intact.

Under these new regulations issued by the German Government with the consent of the Reichstag on April 4, 1925, the former owners of confiscated property are entitled to the following rates:

I. INDEMNITY RATES APPLICABLE TO CASH ASSETS AND SECURITIES

The general rate of compensation allowable for loss of cash assets or securities is 2 per cent of the peace value, the absolute maximum payable to any one person for such losses being limited to 16,000 marks.

In the exceptional case that securities formed part of an industrial or commercial enterprise which was confiscated as such the rates described below under II are applicable.

II. INDEMNITY RATES APPLICABLE TO TANGIBLE PROPERTY

The rates allowable for loss of tangible property (real estate, plants, factories) are as follows:

(a) In the event that the peace value of the property confiscated does not exceed 50,000 marks (or \$11,900)—

	Per cent
For the first 2,000 marks.....	100
For the next 28,000 marks.....	10
For the further 20,000 marks.....	6

(b) In the event that the peace value of the property confiscated exceeds 50,000 marks but does not exceed 200,000 marks (or \$47,400)—

	Per cent
For the first 50,000 marks.....	12
For the next 50,000 marks.....	8
For the further 100,000 marks.....	6

(c) In the event that the peace value of the property confiscated exceeds 200,000 marks—for the first 200,000 marks, 8 per cent.

III INDEMNITY RATES APPLICABLE TO DEBTS

As to debts owing to German nationals that have been liquidated under the Versailles treaty the compensation rates, described above under II apply only in so far as such debts formed part of an industrial or commercial enterprise which was confiscated as such. Otherwise the rate of two-tenths of 1 per cent applies.

The present regulations are to be considered as final. The German nationals affected by the confiscatory measures applied to their property by the allied powers have no hope for a further increase of the indemnification rates beyond the above limits, since any improvement of Germany's capacity to pay will have to yield primarily to an increase of the payments to be made by her under the Dawes plan for her obligations arising out of the war.

While Germany has thus compensated to some extent all her nationals, except those whose property was in the control of the United States, I would call attention that few so compensated (with the exception of certain groups above mentioned, who were compensated nearly in full) have fared as well as those same Germans whose property we took over. This assertion is explained when we consider the Winslow Act, passed by Congress March 4, 1923. Under the terms of this act the United States satisfied all claims not exceeding \$10,000, and to those having larger claims \$10,000 was paid on account. Under this act, 28,144 trusts were disposed of at 100 cents on the dollar, totaling in amount \$48,650,000, more than 70 per cent of all the claims awarded, while the German competition was only 1 mark on 1,000.

The United States is in possession of most of the German property acquired in 1917, and with claims against Germany, exclusive of army of occupation costs, totaling some \$250,000,000. The United States holds this property intact, or the proceeds derived from sales thereof, so that Congress could make full returns. Germany has released all American property taken in Germany by her alien property custodian and has restored it to the former owners in so far as she was able. Germany was unable to make 100 per cent return, caused by the depreciation of the mark, and also in many cases destruction of property, which prevented her from making returns in kind.

Americans to whom small amounts were due have received their awards from the Mixed Claims Commission, but under the Dawes plan the yearly payment of approximately \$11,000,000 by Germany would require 80 years for complete restoration.

The Alien Property Custodian seized property valued at \$592,644,827.06 and to date has returned \$330,615,590.45, leaving in his hands \$271,537,866.89. The amount returned includes property satisfied under section 9 of the trading with the enemy act and the Winslow Act, and the total amount seized as well as the amount remaining in the possession of the Alien Property Custodian is an appraised value as of October 31, 1926.

The awards and pending awards of the Mixed Claims Commission may be tabulated as follows:

	Principal	Interest to Jan. 1, 1927	Total
To American nationals.....	\$99,319,617.72	\$39,943,933.68	\$139,263,551.40
To United States Government.....	42,034,794.41	17,164,201.36	59,198,995.77
Unsettled (estimated).....	32,000,000.00	13,000,000.00	45,000,000.00
Total.....	173,354,412.13	70,108,135.04	243,462,547.17

These claims are composed of losses and damages incurred in the sinking of the *Lusitania*, through acts of sabotage, the subrogation rights of insurance companies, property damages, and losses to United States citizens, covering property taken over by the enemy property custodian in Germany. In addition, the United States is liable for ships, patents, and radio stations which it acquired and used. The radio station at Sayville, Long Island, has been appraised at \$45,000, the patents variously estimated from \$7,500,000 to \$60,000,000, and the ships were valued at \$33,000,000.

The United States has on hand in the Treasury, \$26,000,000 unallocated interest earned on property in the hands of the custodian prior to the Winslow Act, also \$14,000,000 received under the 2½ per cent of the Paris agreement, and \$28,000,000 on account of the army occupation.

The committee formulated this bill, in accordance with the established American policy, to return private and alien prop-

erty when taken in possession during a period of war. The plan thus adopted was unanimously approved by the committee, and I trust it will become law. If this measure fails to pass, I fear it will be many years before the settlement of war claims will be made. It was the promise of Congress to protect alien property; it now becomes the duty of Congress to fulfill that promise. [Applause].

Estimated amount of mixed claims awards to be paid

1. 391 death and personal injury claims	\$3,134,003.00
Interest at 5 per cent thereon to Jan. 1, 1927	496,217.14
Total allowed to Nov. 8, 1926, with interest to Jan. 1, 1927	\$3,630,220.14
2. 2,142 awards of \$100,000 and less	12,725,110.03
Interest at 5 per cent thereon to Jan. 1, 1927	5,484,963.72
Total allowed to Nov. 8, 1926, with interest to Jan. 1, 1927	18,210,073.75
Estimated yet to be allowed:	
Principal	\$8,500,000
Interest to Jan. 1, 1927	3,500,000
	12,000,000.00
3. 153 awards over \$100,000	83,460,504.69
Interest at 5 per cent to Jan. 1, 1927	33,962,752.82
Total allowed to Nov. 8, 1926, with interest to Jan. 1, 1927	117,423,257.51
25 estimated yet to be allowed:	
Principal	\$20,000,000
Interest to Jan. 1, 1927	8,000,000
	28,000,000.00
	145,423,257.51
Total estimated awards with interest	179,263,551.40
<i>Estimated credits to special deposit account</i>	
1. 20 per cent of German property (Alien Property Custodian) to be temporarily retained	\$40,000,000.00
2. German share of unallocated interest fund	25,000,000.00
3. Mixed claims receipts—2½ per cent to Sept. 1, 1927	14,000,000.00
4. One-half appropriation for ships, radio stations	25,000,000.00
Total available for expenditures	104,000,000.00
<i>Estimated expenditures from special deposit account</i>	
1. Death and personal injury claims in full	\$3,630,220.14
2. All awards up to and including \$100,000	30,210,073.75
3. \$100,000 each on all other awards (178)	17,800,000.00
	51,640,293.89
Assuming payments are to be made Sept. 1, 1927, add interest at 5 per cent from Jan. 1, 1927	1,721,000.00
	53,361,293.89
Interest at 5 per cent from Jan. 1, 1927, to Sept. 1, 1927, on balance of 80 per cent (\$143,400,000—\$51,640,293.89)	3,059,000.00
Balance to be apportioned on claims over \$100,000	47,579,706.11
	104,000,000.00
80 per cent of total mixed claims awards (\$179,263,551.40)	143,400,000.00
Interest at 5 per cent thereon from Jan. 1, 1927, to Sept. 1, 1927	4,780,000.00
	148,180,000.00
Total available receipts to be applied on account as of Sept. 1, 1927	104,000,000.00
Balance of unpaid awards (80 per cent) subject to priority in Dawes annuities received after Sept. 1, 1927	44,180,000.00
Interest on this balance at 5 per cent from Sept. 1, 1927, to Sept. 1, 1928	2,210,000.00
Total priority due end of fourth Dawes year (1928)	46,390,000.00
Dawes annuity for 1928	\$7,000,000.00
One-half additional appropriation for ships, radio stations, etc.	25,000,000.00
	32,000,000.00
Balance of priority unpaid Sept. 1, 1928	14,390,000.00
Interest at 5 per cent on this balance from Sept. 1, 1928, to Sept. 1, 1929	720,000.00
Total priority due end of fifth Dawes year (1929)	15,110,000.00
Dawes annuity for 1929	10,700,000.00
Balance of priority unpaid Sept. 1, 1929, to be paid out of Dawes annuity for 1930	4,410,000.00
Interest at 5 per cent on this balance from Sept. 1, 1929, to Sept. 1, 1930	220,000.00
	4,630,000.00

(a) Interest at 5 per cent from Jan. 1, 1927, to Sept. 1, 1930, on \$38,000,000 (20 per cent) 2¼ per cent mixed claims awards deferred	\$6,600,000.00
(b) Interest at 5 per cent from Sept. 1, 1927, to Sept. 1, 1930, on \$40,000,000 participating certificates delivered to Alien Property Custodian for 20 per cent of German property retained	6,000,000.00
(c) Interest at 5 per cent from Sept. 1, 1928, to Sept. 1, 1930, on \$50,000,000 due ship, radio station, etc., claimants for one-half appropriation used to pay mixed claims (2¼ per cent) (assumed all awards to be allowed as of Sept. 1, 1928)	5,000,000.00
	\$17,600,000.00
Dawes annuity for 1930	22,230,000.00
	10,700,000.00
Balance accrued interest to Sept. 1, 1930, under (a), (b), and (c) above	11,530,000.00
Interest at 5 per cent from Sept. 1, 1930, to Sept. 1, 1931, on principal set out under (a), (b), and (c) above	6,300,000.00
Total interest due on Sept. 1, 1931	17,830,000.00
Dawes annuity for 1931	10,700,000.00
Balance of accrued interest to Sept. 1, 1930, under (a), (b), and (c) above	7,130,000.00
Interest at 5 per cent from Sept. 1, 1931, to Sept. 1, 1932, on principal set out under (a), (b), and (c) above	6,300,000.00
Total interest due on Sept. 1, 1932	13,430,000.00
Dawes annuity for 1932	10,700,000.00
Balance accrued interest to Sept. 1, 1930, under (a), (b), and (c) above	2,730,000.00
Interest at 5 per cent from Sept. 1, 1932, to Sept. 1, 1933, on principal set out under (a), (b), and (c) above	6,300,000.00
Total interest due Sept. 1, 1933	9,030,000.00
Dawes annuity for 1933	10,700,000.00
Balance of 1933 Dawes annuity remaining to be applied Sept. 1, 1933, to principal of deferred amounts under (a), (b), and (c) above	1,670,000.00
\$126,000,000—\$1,670,000=\$124,330,000. To amortize \$124,330,000 at 5 per cent out of an annuity of \$10,700,000 will require approximately 18 years after Sept. 1, 1933.	
Total time required (approximate):	Years
To pay off 2¼ per cent priority mixed claims, together with interest thereon and interest on deferred amounts	6
To pay off principal of \$124,330,000 with interest	18
To pay off \$25,000,000 unallocated interest fund without interest	2½
	26½
From and after Sept. 1, 1927	26½
<i>Deferred payments</i>	
Mixed claims, 2¼ per cent:	
20 per cent of \$179,263,551.40	\$36,000,000
German property, Alien Property Custodian:	
Estimated value of money and property now held	\$250,000,000
Deduct—	
Unallocated interest fund	\$25,000,000
Earnings undistributed	17,000,000
	42,000,000
20 per cent of	208,000,000
One-half appropriations made available to pay ships, radio stations, etc. (\$100,000,000)	50,000,000
	126,000,000

Mr. CONNALLY of Texas. Mr. Chairman, will the gentleman yield right there? He has more time.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. COLLIER. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. OLDFIELD].

The CHAIRMAN. The gentleman from Arkansas is recognized for 10 minutes.

Mr. OLDFIELD. Mr. Chairman and gentlemen of the committee, I shall very gladly support this bill. I would not have supported the Mills bill. I would not have supported it because it proposed to take money out of the Federal Treasury with which to pay the American claimants.

The first proposition which several of us in the committee laid down when the committee first met—the gentleman from Texas [Mr. GARNER] and the gentleman from Mississippi [Mr. COLLIER] and most of the Democrats, probably every one of them, and some of the Republicans—was that if there was going to be any money taken out of the pockets of the taxpayers of this country with which to meet these obligations we might just as well adjourn.

Now, what did the Mills bill do? It meant that we should return to the Germans every dollar of property and cash belonging to German nationals, and then turn to the Dawes payments for funds to pay the American claims. That would have taken from 70 to 80 years. Therefore we could not look favorably upon the bringing in of the Mills bill.

Then we began to figure out some reasonable piece of legislation that would meet the approval of the committee. We have presented this bill with a unanimous report, and I trust it will pass both Houses and become a law at this session of Congress, because if it does not, there is no telling when the German property will be returned to its owners or when the American claimants would be paid the awards of the Mixed Claims Commission.

Mr. COX. The gentleman need not take up the time discussing the Mills bill. I understood it took money out of the Treasury to pay the claimants?

Mr. OLDFIELD. Yes. We could not agree upon that. The majority of the committee could not agree upon that, and I may say a majority of this House could not agree upon that sort of a settlement.

Now, while the language of this bill is the most complicated I have ever seen, I want to congratulate our splendid legislative draftsman and the clerk of the committee and the chairman on the perfection of the language in this bill. Yet the principles of the bill are very simple indeed, because we first agreed that no money should be taken out of the Treasury with which to pay the claimants under the Mixed Claims Commission. Then we decided that we could not go behind the awards of the Mixed Claims Commission, and why? Because we were not the only government responsible for the setting up of the Mixed Claims Commission. The German Government was a party thereto, and therefore if we went behind their awards we would not only undo what we had done, but also what the German Government had done, and therefore we had to stand upon the awards of the Mixed Claims Commission.

Under this bill many claimants have claims reaching only a few thousand dollars, and they will all be paid up to the amount of \$100,000. It is important that those claims should be paid. It is also important that the others should be paid, but not out of the Treasury of the United States.

Some gentlemen have asked me about the insurance claims of the large insurance companies. They seemed to be inclined to criticize the provisions of this bill that will pay those claims. As I said a moment ago, we did not investigate those claims. The Mixed Claims Commission investigated them and passed upon them. But I will say that no insurance claim or any other claim of any American claimant is paid out of the Treasury of the United States—out of the tax money of the people of the United States. There is only one provision in this bill for the payment of the claims out of the Treasury, and that is for the ships and radio stations and patents. That property is now ours, and it belongs to us. It is up to us either to pay for it or confiscate it. We could do either. I think we could do either and be within the law. In fact, I believe we could do either and still be within the international law. But I do not think it is the sentiment of the country. It was not the sentiment of the committee. We had to set up a commission or arbiter to tell us what this property is worth under the conditions laid down in the bill. Colonel McMullen, of the War Department, made an estimate as to the value of the ships, saying they are worth only \$33,000,000, with interest, and the radio stations are worth only about \$460,000, and the patents, \$7,500,000, with interest. That would make about \$50,000,000.

I would like personally to see Colonel McMullen made the arbiter in this matter, because I believe he knows more about the value of it than anybody else, and I know he is representing as best he can the people of America in making those estimates. The gentleman from Texas [Mr. GARNER] made a motion, and we were all ready to vote for it and did vote for it, that Judge Parker, a former citizen of Texas and now a member of the Mixed Claims Commission, should be the arbiter. It was suggested, however, that that would be an infringement on the right of the President to appoint, and it was decided not to press that proposition. Let us hope that the arbiter chosen will not pay one dime more for the ships and radio stations and patents than is warranted by the language of this bill. But that is the only money, as I say, which comes out of the Treasury of the United States, and that property is ours and is supposed to be worth every dollar that we pay for it.

Mr. WAINWRIGHT. Will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. WAINWRIGHT. Does not the gentleman make any distinction in his mind between ships and other property in the hands of the Alien Property Custodian, in view of the fact

that the ships of the German mercantile marine are in a certain sense the subsidiary navy of Germany?

Mr. OLDFIELD. Yes; I do, indeed; and I also agree with the gentleman from Texas [Mr. CONNALLY] on the question he asked the gentleman from Pennsylvania [Mr. WARSON] a moment ago. Why, gentlemen, these ships would have been blown up if they had not come into our harbors, or they would have been seized as prizes of war by the various allies if they had not come into our harbors. The property which the Alien Property Custodian took over was worth a great deal more to the German nationals after it was taken over than it would have been had it not been taken over or had it been in Germany. There is no question about that. They were lucky, these Germans who had property in America, because their property will be protected under this legislation, and I believe it is the sentiment of the American people that it should be protected. I believe it is the sentiment of the people of America to do more than even-handed justice to the German nationals. I believe that is the way the American people feel about it, and the German shipowners were lucky indeed, the radio station people were lucky, the patent people were lucky, and ever person who has money in the Alien Property Custodian's office or in the Treasury Department drawing interest, invested in Government securities, is lucky indeed.

They are all lucky that they have had their property not only conserved but had their property earning money, earning interest, which will be paid to them when this thing is all over.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. CONNALLY of Texas. What assurance has the gentleman that the fact that these vessels would have been destroyed had they not sought asylum in our ports is going to be considered in valuing those ships, because the bill provides that they shall be valued as of the time immediately before we took them over? Some of them were in our ports for months and, perhaps, for years before we took them over, and certainly a ship that is about to be destroyed by the British Navy and which can not ever hope to be used until after the war is over is not worth as much as a ship that can be employed in commerce.

Mr. OLDFIELD. That is absolutely true.

Mr. CONNALLY of Texas. What assurance has the gentleman as to the valuation which this arbiter will place upon those ships, because the arbiter is absolutely supreme, from whose edict there is no appeal and whose appointment is at the caprice of the President, and the President is at the caprice, probably, of the Secretary of the Treasury?

Mr. OLDFIELD. I will say to the gentleman that if there is to be any caprice in this matter it will mean that probably the entire \$100,000,000 will be taken up.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. COLLIER. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. CONNALLY of Texas. Does not the gentleman believe that these awards, in their finality, will amount to the maximum of \$100,000,000?

Mr. OLDFIELD. Yes, exactly; and I expressed that fear to the committee. I agree with the gentleman, although I hope I am wrong about it. I trust they will get an arbiter who will not take up the entire \$100,000,000; but we can not help it as it is. We have got to leave it to somebody; it must be settled; we can not keep this property always, because if we should, then we would do ourselves an injustice and also do an injustice to the German nationals. I would like to read into the Record this paragraph from the bill:

Any merchant vessel (including any equipment, appurtenances, and property contained therein), title to which was taken by or on behalf of the United States under the authority of the joint resolution of May 12, 1917. Such compensation shall be the fair value, as nearly as may be determined, of such vessel to the owner immediately prior to the time exclusive possession was taken under the authority of such joint resolution.

Now, to my mind those ships were almost valueless to the people who owned them just immediately before they were taken over. I think that because, as I say, England, France, or some other hostile nation would have gotten them or blown them up; and if I were looking at them I would certainly put a small valuation on them under that condition. Quoting further:

And in its condition at such time, taking into consideration the fact that such owner could not use or permit the use of such vessel, or charter or sell or otherwise dispose of such vessel for use or delivery prior to the termination of the war, and that the war was not terminated until July 2, 1921.

In other words, we put language in that section which would bring down the valuation just as much as possible and still give a reasonable payment for these ships.

I now yield to the gentleman from Tennessee.

Mr. GARRETT of Tennessee. I just wanted to suggest to the gentleman that I have a recollection that immediately prior to the taking over of these vessels, after it became pretty evident we were going into the war, there was an epidemic of sabotage on the part of the crews of these vessels that were in the various ports. I should fancy that in some way that ought to be taken into consideration by the arbiter in fixing this valuation.

Mr. OLDFIELD. I think the gentleman is right about that; and yet, although we had many witnesses before our committee on that point, do you know it was almost impossible to establish that sort of condition? Really, it was impossible to do it. The newspapers were full of it; everybody thought they had destroyed the engines in these ships and made them worthless and all that, but when it came to the matter of proof we were unable in our committee to get such proof.

Mr. GARRETT of Tennessee. If that was done before we took them over, of course, the condition of the ships at the time we did take them over will be taken into consideration by the arbiter.

Mr. OLDFIELD. Oh, yes; I think that is true. I am sure that is true.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. OLDFIELD. I yield to the gentleman from Iowa.

Mr. GREEN of Iowa. That provision was inserted, I will say to the gentleman from Tennessee, for that express reason. Whatever damage the Germans inflicted on these ships, just so much less will they get for the ships; and now let me call the attention of the gentleman to the manner in which the value of these ships is to be ascertained. We first tell Germany that they are not going to have anything to say at all about the person who passes on this matter. We are going to pick him out ourselves. We next tell them that the ships are going to be valued according to a special kind of valuation which will put the limit down as low as possible, and then, finally, after all these things are provided for, we say that we will put a stop limit on of \$100,000,000. Now, if we make any pretense of really valuing the ships, I think we have simmered it down just about as low as we possibly can.

The CHAIRMAN. The time of the gentleman from Arkansas has again expired.

Mr. GREEN of Iowa. Mr. Chairman, I yield the gentleman two more minutes, inasmuch as I have taken some of his time.

Mr. OLDFIELD. In addition to that, under the advice of the Secretary of State, and we must take the advice of high officers of the Government on these matters, the Secretary of State says that undoubtedly if we confiscate these ships, radio stations, and patents it will just be taken out of the reparations, the 2½ per cent which we get under the Dawes plan. Therefore we can not get out of paying if we really wanted to do so, because they would take it out of the Dawes reparations, and we might just as well pay it.

Mr. WAINWRIGHT. Will the gentleman give way?

Mr. OLDFIELD. Yes.

Mr. WAINWRIGHT. Is it not in the evidence somewhere that the German ambassador assumed to give instructions to the captains of all these ships to commit this sabotage that the gentleman from Tennessee speaks of?

Mr. OLDFIELD. There is such a statement on page 628 of the hearings.

Mr. WAINWRIGHT. I think that is somewhere in this record; and if that is so, would not that rather be evidence of the fact that the German Government had some jurisdiction over these ships?

Mr. OLDFIELD. Undoubtedly; and if that proof is available, it ought to be placed before the arbiter.

Mr. JACOBSTEIN. Will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. JACOBSTEIN. Is the appraisal arrived at by the arbiter absolutely final?

Mr. OLDFIELD. Absolutely final; but it can not go over \$100,000,000.

Mr. JACOBSTEIN. Does the gentleman think it would be practicable to make the President responsible as long as we are giving him the power; in other words, make the appraisal final only in the event the President himself so directs the payment to be made?

Mr. OLDFIELD. Well, I do not know. I would not object to that personally.

Mr. BOX. Will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. BOX. The gentleman is familiar with the protracted troublesome history of the French spoliation claims?

Mr. OLDFIELD. Yes, indeed.

Mr. BOX. And how they have dragged through the history of the country for more than 100 years. I wish to inquire whether the committee has arranged this settlement so that it will conclusively end the question in connection with these claims?

Mr. OLDFIELD. These claims are absolutely and finally settled under this bill. There can not ever be any comeback.

Mr. BOX. Suppose Germany should fail to continue to pay these reparation claims, so that the amount provided for here is not realized, will the settlement nevertheless be conclusive?

Mr. OLDFIELD. The settlement, nevertheless, would be closed. There is no doubt about that in the world. I think the reparations will be paid because Germany is improving all the time, and they have paid them every year so far. There was a very intelligent German before us from Hamburg, Germany, who stated they were improving and continuing to improve, and that these reparations would be paid.

The CHAIRMAN. The time of the gentleman from Arkansas has again expired.

Mr. GARRETT of Tennessee. If there is a hang over like there has been in connection with the spoliation claims, I hope the gentleman from Texas [Mr. Box] will be here to deal with them.

Mr. GREEN of Iowa. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. Fish.]

Mr. FISH. Mr. Chairman and gentleman of the committee, I want to congratulate the chairman of the Ways and Means Committee and the members of that committee for presenting a constructive measure to the House for the return of a substantial amount of the alien property and for the settlement of both the German and American claims.

It is to be regretted, however, that the committee did not go a step further and instead of returning 80 per cent of the alien private property return it all; because in withholding the 20 per cent, call it any name you want to, it means confiscation and a violation of the traditional policy of this country and of international law.

What does the 20 per cent retained amount to? Why, only \$50,000,000, which was the cost of a day and a half of warfare, or the amount of a little over the cost of one battleship, and yet we are willing, for selfish reasons, to sacrifice a great international principle and the traditional American policy, not to confiscate private property seized in time of war.

I am appealing to the Members of the House to uphold our glorious traditions, and in behalf of American interests and American investors the world over, to take a further step and return all the alien property. We have \$10,000,000,000 of American private capital invested throughout the world. We are investing abroad at the rate of \$1,000,000,000 a year, and by the time these claims are satisfied, at the rate that we are loaning at the present time, we will have \$30,000,000,000 invested abroad. When we deliberately take \$50,000,000 of the private property of enemy nationals invested in the United States in time of peace under the protection of our laws and then use it to pay the debts of the German Government we violate our traditions, defy international law, and do more injury to our country than we have done in this House for a great many years.

What is the reason we have failed so far to recognize Soviet Russia? I am in accord with the policy affirmed by the Secretary of State and the President. It is well known that because Soviet Russia confiscated the private property of American citizens, and up to this time has made no restitution, we have refused recognition. Can we be consistent and say that we will not recognize Soviet Russia because they confiscated property of American citizens, and at the same time legislate deliberately in this bill to take the private property of German citizens and practically confiscate 20 per cent of that property? If we are to commit a crime against the sacred laws of nations let us at least have the excuse that it was done in defense of our country or of its interests. If we insist on passing this iniquitous and hypocritical provision we are only injuring our true interests and endangering our credit, commerce, and tremendous investments, not only in Mexico and Russia but in every foreign nation.

The German Government restored all the property of our citizens immediately after the war. We seized the property of German citizens in this country so that it could not be used against us, with the understanding that it would be restored immediately after the war. We did not fight to plunder private individuals who had invested their money under the protection of our laws nor did we fight to pick the pocket of peaceful

aliens who were not responsible for the acts of the German Government.

In order that there may be no misunderstanding I challenge any Member of the House to show a single precedent since the foundation of this Republic where we have taken and held the private property of enemy nationals in any of our foreign wars. There is not a single precedent for it. But, on the other hand, there are scores of precedents from the earliest days of the Republic, indorsed by Benjamin Franklin, John Adams, Thomas Jefferson, and by Alexander Hamilton, and all the Secretaries of State from Jefferson to Lansing, upholding this traditional American policy, regarding the immunity and inviolability of private property seized in time of war.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. FISH. I will.

Mr. GREEN of Iowa. There are no precedents, as suggested by the gentleman, but there are precedents where the payments were deferred and paid by installments, as in this case.

Mr. FISH. That is true, because the United States in the early days did not have the money to pay back immediately the whole sum. England has maintained exactly the same position we have—but for a longer period—from the days of Magna Charta down to the treaty of Versailles.

Then Lloyd-George and the other British delegates made that fatal mistake by standing for confiscation of private property in the Versailles treaty. It was a tragic departure from their traditions, and is bound to come home to plague Great Britain for generations, because, next to the United States, she is the greatest investing nation in the world. Under an iniquitous provision of the Versailles treaty the Allies took the private property and said to Germany, "You reimburse your private citizens"; and Germany, with a pistol at her head, had to sign on the dotted line. As a result the private property of German citizens, amounting to about a billion dollars, was taken and distributed among the Allies. And at the present time these same countries would like nothing better than to have the Congress of the United States confiscate the German private property we are still holding and put us in the same category. They want us to be a party to the wiping out of the rights of private property. They want us to commit this crime against international law and to our own traditions, as they appreciate full well that our loss is their gain, and any harm we voluntarily do to our credit to our commerce and to our foreign investments weakens our financial and commercial standing as a competitor.

Mr. McKEOWN. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. McKEOWN. Is there any difference of principle between the right to confiscate the property of an alien enemy and the right to confiscate the property of our own citizens?

Mr. FISH. I will be glad to answer that question.

Mr. McKEOWN. The gentleman speaks of the treaty of Versailles. It is also true that Bismarck made the French sign on the dotted line at Paris when they took the private property of Frenchmen to meet the indemnity.

Mr. FISH. I do not understand the reason for the wasted motion to-day by different speakers to try to prove that we have the right of confiscation. Of course, the Congress has the right to confiscate, and it always has had that right. We do not have to appeal to the Versailles treaty or to our peace treaty with Germany. We have that right, and always have had the naked right to confiscate property, but we always have maintained as a traditional policy that private property should be inviolable and that it should be immune and if seized should be returned.

Mr. CONNERY. What does the gentleman think about investors who loaned money to Germany before the war? How should they be taken care of, or should they be taken care of?

Mr. FISH. That is a question that interests some of us from New York. I am told that there are 24,000 people in New York State who bought German bonds before our entrance into the war. The American Alien Property Custodian seized the proceeds from those bonds and put them into the jack pot to pay other American claimants, yet the American citizens who bought the bonds will not receive a single cent of the money they put up unless this bill is amended.

Mr. CONNERY. We are going to give the Germans back good American money for the property we confiscated, and the American people who loaned their money we are going to let stand outside and whistle for it.

Mr. FISH. I quite agree with the gentleman that that ought to be taken care of, and if the gentleman offers such an amendment I shall be glad to support it. I was talking about the \$50,000,000 of private property that is to be retained by this bill. Let us understand the distinction regarding alien private property. If, for example, Germany had owned Cuba

as a colony, and we had gone down to Cuba and conquered it, and taken the private property of German citizens there, then it would have been all right to keep that private property and use it as an offset for the private claims against the German Government, but the private property that we have seized here is the private property that was welcomed into the United States of America, which came here in good faith to build up our industries under the protection of our laws in time of peace, brought by people who had confidence in the integrity and in the honor and in the good faith of America. Toward such private property we owe a debt of gratitude and are under strong obligations to restore it. We now propose to take that property and hold it to offset claims against the German Government, a thing this country has never done, and I am sorry to see this Congress a party to it, and thus destroy in part at least a traditional American policy, for the sum of \$50,000,000, which is a bagatelle considering the enormous wealth of our country.

There are 153 awards in excess of \$100,000. This bill pays all awards up to \$100,000. There are only 153 Americans whose claims will not be paid in full immediately by this bill. There are 20 awards in excess of \$1,000,000. Of those 20 awards 12 of them are insurance companies. Many of those insurance companies made profits during the war, but under the principle of subrogation, which is well established in marine insurance, they are entitled to the awards made by the Mixed Claims Commission. Of the other companies, such as the Standard Oil of New Jersey, with an award of \$10,000,000, the International Harvester Co., with an award of \$4,000,000, and the Singer Sewing Machine Co., with an award of \$3,000,000, they can well afford to wait for five or six or seven years—longer than they would have to wait under the provisions of this bill if we returned all the private property held by the alien enemy custodian to their rightful owners. The Standard Oil of New Jersey and the International Harvester Co. both made big profits during the war and can afford to wait, particularly as one is contending for the rights of private property in Mexico, and the other, together with the Singer Sewing Machine Co., seeking restoration of their properties in Russia.

The contention I am making here is that it is no hardship on anyone if we do the right thing.

Mr. MILLS. Will the gentleman yield?

Mr. FISH. I do.

Mr. MILLS. Is my friend entirely accurate with his figures? If we return forty millions of alien property which constitutes 20 per cent, plus \$25,000,000 unallocated interest, making \$65,000,000 plus—

Mr. FISH. I only contend we should return the \$50,000,000. I am not contending that we should return money for the ships or unallocated interest.

Mr. MILLS. I will ask my friend if he wants to maintain the principle of integrity how he justifies the return of property including earnings since March 4, 1923, and as a matter of principle justify the retaining of \$25,000,000 of earnings prior to March 4. If the gentleman wants to uphold the principle in its entirety all ought to go back.

Mr. FISH. For one reason you will find great difficulty in unscrambling the unallocated interest, amounting to \$35,000,000 and in knowing to whom it belongs.

Mr. MILLS. Oh, no.

Mr. FISH. That is the information I get from the Alien Property Custodian.

Mr. CHINDBLOM. Well, that will arise whenever—

Mr. FISH. Of course, if we go on and say we will return \$50,000,000 for the ships, that, of course, means we would not have enough money to pay for this bill. I am only contending now that we have it in our power to return all the private property belonging to Germans legally invested in the United States prior to the war, instead of 80 per cent, which would mean \$50,000,000 more, and by so doing we can uphold an established principle of international law, our own international policy, and above all, protect the future interests of American investors around the world, and that is the big issue, because we are here to legislate for Americans and not to legislate for Germans.

Since when have Germans determined the policies of the Congress of the United States? And let me tell you it comes mighty close to it, because right now in this bill the German citizens must sign and give their consent before they get the 80 per cent back or consent to leave the 20 per cent with the United States. The German owners will naturally want to get the benefit now; they do not know or care how it affects the policy of our country. What do they care about the traditional policies of the United States? What do they care about the decisions of Jefferson, Hamilton, Adams, and of every Secretary of State down to Lansing? Why, all they care about it natur-

ally is to get their money back. If instead of giving them 80 per cent you had said to them, "We will give you 60 per cent now and you will have to wait for the other 40 per cent," they would probably sign a waiver just as well.

Mr. MILLS. Will the gentleman yield?

Mr. FISH. I will.

Mr. MILLS. As I understand, the gentleman's position is the committee has retained 20 per cent, and the gentleman would only retain 10 per cent?

Mr. FISH. No; I would give it all back. I disagree with the gentleman, and I think he will find a great deal of difficulty in dividing up the unallocated money in the Treasury, because it was put in a lump fund and it is very difficult to find out to whom it belongs.

Mr. MILLS. I will say to my friend from New York, under a recent decision of the Supreme Court, whether difficult or not, it is already being done.

Mr. FISH. They may try to do it, but it is not being done. Let me point out to you that not only have we got a traditional American policy in regard to property seized on land, but we have gone very much further than that and led the way in trying to prevent the seizure of private property on the high seas. We have entered into treaties to this effect with Italy and other nations. We have directed our negotiators and delegates to The Hague conferences to try to insert a provision for the freedom of the sea, a provision to the effect that private property on the high seas would be exempt from seizure. So far as I am concerned I think it is untenable; I do not think it would work out in modern warfare. But it only goes to show what American policy has been for generations. I will read the instructions from our State Department to our delegates to The Hague conference in 1907:

As the United States has for many years advocated the exemption of all private property not contraband of war from hostile treatment, you are authorized to propose to the conference the principle of extending to strictly private property at sea the immunity from destruction or capture by belligerent powers, when such property already enjoys on land, as worthy of being incorporated in the permanent law of civilized nations.

President Roosevelt and President McKinley both sent messages to Congress to this effect.

Now I am going to read an extract from John Bassett Moore, from his book entitled "American Diplomacy":

* * * There is one radical limitation to belligerent activities, which, although often urged, has not yet been adopted. This is the inhibition of the capture of private property at sea. Strongly advocated by Franklin, it was introduced into the first treaty between the United States and Prussia, in the signature of which he was associated with Adams and Jefferson. John Quincy Adams, Henry Clay, William L. Marcy, and Hamilton Fish are among the great Secretaries of State who have given the principle their support. President McKinley, in his annual message of December 5, 1898, suggested to Congress that the Executive be authorized to correspond with the governments of the principal maritime powers of the world with a view to incorporating it into the permanent law of civilized nations. This recommendation is cordially renewed by President Roosevelt in his annual message of December 7, 1903, in which the exemption, except as to contraband of war, is advocated not only as a matter of "humanity and morals," but also as a measure altogether compatible with the practical conduct of war at sea.

[Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. FISH. I ask unanimous consent, Mr. Chairman, to revise and extend my remarks and include therein further precedents on the immunity of private property.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

(Extracts from International Law, by Charles Cheney Hyde, p. 621)

United States v. Percheman (7. Pet. 51). In the course of his opinion, Chief Justice Marshall declared (p. 87) that "that sense of justice and of right which is acknowledged and felt by the whole civilized world would be outraged if private property should be generally confiscated and private rights annulled."

In an explanatory statement by Mr. A. Mitchell Palmer, Alien Property Custodian, respecting the trading with the enemy act, and published in the Official Bulletin November 14, 1917, page 1, it was said: "The broad purpose of Congress as expressed in the trading with the enemy act is, first, to preserve enemy owned property situated in the United States from loss, and, secondly, to prevent every use of it which may be hostile or detrimental to the United States. * * * The property of every person under legal disability is in every civilized country protected by the appointment of trustees or conservators, whose duty it is

to administer and care for the property while the disability exists. This is the duty of the Alien Property Custodian. He is charged by law with the duty of protecting the property of all owners who are under legal disability to act for themselves while a state of war continues. * * * Thus the probable waste and loss of a great deal of valuable property and property rights which could not, while the war continues, be conserved by the enemy owner is avoided and a trustee appointed and paid by the United States is charged with the duty of protecting and caring for such property until the end of the war. This is his function. There is, of course, no thought of the confiscation or dissipation of the property thus held in trust."

Mr. GREEN of Iowa. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MAPES, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the bill (H. R. 15099) to provide for the settlement of certain claims of American nationals against Germany and of German nationals against the United States, for the ultimate return of all property of German nationals held by the Alien Property Custodian, and for the equitable apportionment among all claimants of certain available funds, had come to no resolution thereon.

ELECTION OF MEMBERS TO COMMITTEE VACANCIES

Mr. TILSON. Mr. Chairman, I submit a resolution and ask its immediate consideration.

The SPEAKER. The gentleman from Connecticut presents a resolution and asks for its immediate consideration. The Clerk will report it.

The Clerk read as follows:

House Resolution 341

Resolved, That the following Members be, and they are hereby, elected chairman and members to fill vacancies on the standing committees of the House, as follows, to wit:

Elections No. 3: RICHARD J. WELCH, of California; Public Lands: HARRY L. ENGLEBRIGHT, of California; Insular Affairs: FREDERICK W. DALLINGER, of Massachusetts; Labor: RICHARD J. WELCH, of California; Invalid Pensions: WILLIAM L. SWOPE, chairman, of Pennsylvania; Revision of the Laws: FREDERICK W. DALLINGER, of Massachusetts; Expenditures on Public Buildings: RICHARD J. WELCH, of California; Public Buildings and Grounds: FREDERICK W. DALLINGER, of Massachusetts.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

HOLIDAY RECESS

Mr. TILSON. Mr. Speaker, I send up another resolution.

The SPEAKER. The gentleman from Connecticut submits another resolution and asks for its immediate consideration. The Clerk will report it.

The Clerk read as follows:

House Concurrent Resolution 44

Resolved by the House of Representatives (the Senate concurring), That when the two Houses adjourn on the legislative day of December 22, 1926, they stand adjourned until 12 o'clock meridian, Monday, January 3, 1927.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

ENROLLED BILL SIGNED

The SPEAKER announced his signature to enrolled bill of the following title:

S. 2855. An act for the relief of Cyrus S. Andrews.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, one of its clerks, announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 4663. An act authorizing the Secretary of the Treasury to acquire certain lands within the District of Columbia, to be used as sites for public buildings.

SENATE BILL REFERRED

Senate bill of the following title was taken from the Speaker's table and referred to the Committee on Public Buildings and Grounds:

S. 4663. An act authorizing the Secretary of the Treasury to acquire certain lands within the District of Columbia, to be used as sites for public buildings.

THE MANIA FOR MULTIPLYING LAWS

Mr. TILSON. Mr. Speaker, last June, at commencement, I spoke before the alumni of the Yale Law School. The address was published later in the publication known as *Case and Comment*, and I have had a number of requests for copies of this address. I have no copies of it except my original draft manuscript. As it refers to the subject of legislation and is quite brief, I think it would not be out of place to have it published in the *CONGRESSIONAL RECORD*. I therefore ask unanimous consent to extend my remarks in the *RECORD* by printing this little address of mine.

The SPEAKER. The gentleman from Connecticut asks unanimous consent to extend his remarks in the *RECORD* in the manner indicated. Is there objection?

There was no objection.

Mr. TILSON. Mr. Speaker, under leave granted to extend my remarks, I insert the following:

In my judgment the one tendency now visible in our American governmental life that is most dangerous to the stability and perpetuity of our institutions is the mania for laws and more laws. If ever what we call "liberty" fails and any form of despotism either of the many or the few comes to the people of this country it will be more on account of this tendency than any other.

The time-honored idea of a lawyer was one "learned in the law." I presume that most of us here to-day at some time in our lives, probably soon after graduation, would have laid some claim to this distinction. Having spent a large part of my life in an atmosphere of lawmaking, and witnessed a great mass of legislative enactments added to the body of American law under my immediate observation, and being cognizant of the countless statutes, ordinances, and regulations made by State legislatures and by town, city, and county law-making agencies in the same period, I marvel at the superhuman intellect of any one who can honestly claim to be "learned in the law" under conditions as they exist to-day. Judge-made law is necessarily increasing as the number and complexity of human relations increase, but the worst offenders in this direction are legislative bodies. Taking the two together it would seem sometimes that the world itself can scarcely contain the volumes that must be written in order to embody them all.

I recall the story of a young man in Tennessee many years ago who was ambitious to be admitted to the bar, and confided his ambitions to an old practitioner. "What do you know about the law?" inquired the old lawyer. "I know pretty nearly all of it," said the boy. "I have read the Revised Statutes through three times." The old lawyer laughed. "Yes; and when the legislature meets in January it will probably repeal most of what you know."

The tendency toward a multiplicity of statute laws is universal, and no legislative body is free from it. So far as the Federal Government is concerned, it is largely due to the extension of Federal activities into new fields, such as income taxes, estate taxes, prohibition, and the regulation of business in a number of different ways. Government bureaus are given power to make regulations which are often more voluminous and complex than the law itself, and in general the demand is the cure of all human ills by legislative enactment. A halt in this direction should be called, at any rate long enough to give lawyers time to catch up with at least reading, if not digesting, the legislative output.

I have referred to the fact that the bumper crops of new laws during nearly a score of years have come under my immediate observation, but do not understand that this orgy of legislation has proceeded with my unqualified approval. The *RECORD* will bear me out in saying that I have done my bit to limit the congressional output. The present House of Representatives, of which I have the honor to be the majority leader, has to a considerable degree dammed the flood of proposed new laws, but meanwhile Congress, and especially "the leaders," have been damned daily for failure to continue the process of trying to reform everything and everybody by law.

I like to think of the old farmer who was elected to his State legislature and on the first day of the session arose in his place and moved that "We do now adjourn for good." His friends rushed over to reason with him. "What do you mean," they remonstrated, "by moving to adjourn now? Why, we've only just met." "I know we've just met, and that's why I want to adjourn," said the old fellow. "I think we have too darn many laws already."

The old farmer states a lamentable fact and at the same time expresses my own legislative views. This has been a part of the philosophy that has guided me as majority leader of the present House, and when the work of this Congress is done it will probably be said with much truth that the most important work I have done has been in the direction of preventing the passage of bad or unnecessary laws.

Bad or unnecessary laws are not only unwise and hurtful in their effect upon the people, but they cost money and cause burdensome increases in taxation. "The Budget," a publication issued some years ago by what was known as the National Budget Commission, stated

that at that time there were approximately 100,000 legislators in the United States, national, State, and municipal, and that each year they enacted more laws than were enacted annually before the war in Great Britain, France, Germany, Austria-Hungary, and Italy added together. This same publication stated that there were at that time more than 2,000,000 laws and ordinances in force in the United States.

The purpose of most of these laws is to remedy public and private ills by the establishment of boards, commissions, and bureaus with regulatory powers, adding at the same time to the great mass of regulations, to the number of persons on the public pay roll, and to public expense. According to recent statistics every ten persons engaged in private enterprise in the United States are supporting on the average one person depending for his or her living on public funds. The number of laws is constantly increasing and the number of public employees increases in equal if not greater ratio.

It is estimated that in 1925 the annual pay roll of public employees in the United States, Federal, State, and for all political subdivisions, totaled \$4,300,000,000. Adding to this the cost of pensions, annuities, etc., to veterans and superannuated employees, who total about 900,000 persons, and the cost of supporting about 500,000 indigents and criminals in almshouses, charitable institutions, and prisons, the total is swelled to around \$5,140,000,000, or somewhat more than 50 per cent of the total expense of all government in the United States.

The rapidity with which governmental activities are increasing is well evidenced by the increase in the cost of all government, Federal, State, and municipal, in the period from 1890 to 1922, a period of 32 years, during which time government costs outstripped the growth in population by more than 5 to 1. In the same period the purchasing value of the dollar decreased approximately 50 per cent, but even allowing for this decrease the increase of cost has been more than two and one-half times as fast as the increase in population. In 1890 the cost of all government in the United States was approximately \$900,000,000, and in 1922 it was approximately \$9,500,000,000, an increase of 10 to 1, and during that period the population increase was on a ratio of approximately 2 to 1.

In the Federal Government alone during the last six years—that is, since the war—considerable progress has been made in defating the business of government, but unfortunately the curve of governmental expenditures has again become an ascending one. The State, county, and other governmental agencies have constantly shown a tendency to proceed rapidly in the same direction in which they have been traveling since 1890.

The mania for new laws, which is costing the people enormous sums and accomplishing so little good, to a considerable extent grows out of the desire of active minority groups of our people to regulate everything and everybody. They wish to hasten the millenium and reform the world by law. They are our best people and do not deny it. Many of the most insistent for laws and more laws are the loudest in their profession of Christianity, but they seem to have given up hope of bringing "peace on earth, good will to men," by moral suasion and look to the policeman to make people good by force and the jail to keep them so. If I understand human nature aright, such a plan will never work. Law and force have no place in the domain of conscience and religion. To those who believe that it can be done in this way I can do no better in answering and in closing my remarks than to quote these sound and memorable words of St. Paul: "If righteousness shall come by law, then Christ is dead in vain."

Mr. GREEN of Iowa. Mr. Speaker, I ask unanimous consent that all Members have five legislative days in which to extend their own remarks on the bill now under consideration, H. R. 15009.

The SPEAKER. The gentleman from Iowa asks unanimous consent that all Members may have five legislative days in which to extend their own remarks on the bill under consideration. Is there objection?

There was no objection.

ADJOURNMENT

Mr. GREEN of Iowa. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 2 minutes p. m.) the House adjourned until to-morrow, Friday, December 17, 1926, at 12 o'clock noon.

COMMITTEE HEARINGS

Mr. TILSON submitted the following tentative list of committee hearings for Friday, December 17, 1926, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON AGRICULTURE

(10 a. m.)

Relating to certain cotton reports of the Secretary of Agriculture (H. R. 14245).

COMMITTEE ON APPROPRIATIONS

(10.30 a. m.)

Independent offices; War Department; State, Justice, Commerce, and Labor Departments appropriation bills.

COMMITTEE ON FOREIGN AFFAIRS

(10.30 a. m.)

To authorize the payment of indemnity to the Government of Great Britain on account of losses sustained by the owners of the British steamship *Marisbrook* as a result of collision between it and the U. S. transport *Carolinian* (S. 1730).

COMMITTEE ON THE DISTRICT OF COLUMBIA

(7.30 p. m.)

The subcommittee making a survey of the District government will investigate the office of the recorder of deeds.

COMMITTEE ON THE POST OFFICE AND POST ROADS

(10.30 a. m.)

For the relief of Leo Dueber (H. R. 4216).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

794. A letter from the Comptroller General, transmitting the report of the investigation of the administration of St. Elizabeths Hospital since July 1, 1916 (H. Doc. No. 605); to the Committee on the Judiciary and ordered to be printed.

795. A letter from the Secretary of the Navy, transmitting a proposed draft of a bill, "To amend section 24 of the act approved February 28, 1925, 'An act to provide for the creation, organization, administration, and maintenance of a Naval Reserve and a Marine Corps Reserve'"; to the Committee on Naval Affairs.

796. A letter from the Postmaster General, transmitting the facts in the claim of Mr. Fred S. Thompson, postmaster at Superior, Wis., for credit on account of loss sustained in the burglary of the post office on November 21, 1925, in the amount of \$71,225.74; to the Committee on Claims.

797. A letter from the Postmaster General, transmitting facts in the claim of Mr. Addison N. Worstell, postmaster at Valparaiso, Ind., for credit on account of loss sustained in the burglary of the post office on March 24, 1925, to the amount of \$68,248.12; to the Committee on Claims.

798. A letter from the Postmaster General, transmitting the facts in the claim of Mr. Olof Nelson, postmaster at Yankton, S. Dak., for credit on account of loss sustained in the burglary of the post office on October 12, 1926, to the amount of \$20,489.14; to the Committee on Claims.

799. A letter from the Secretary of the Navy, transmitting a report of revocable leases of land under the control of the Navy during the fiscal year ended June 30, 1926; to the Committee on Expenditures in the Navy Department.

800. A letter from the Secretary of War, transmitting a report covering publications issued by the War Department during the fiscal year ended June 30, 1926; to the Committee on Printing.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. ELLIOTT: Committee on Public Buildings and Grounds. H. R. 13481. A bill authorizing the Secretary of the Treasury to accept title for post-office site at Olyphant, Pa., with mineral reservations; without amendment (Rept. No. 1627). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILLIAMSON: Committee on Indian Affairs. S. 2301. An act authorizing the Shoshone Tribe of Indians of the Wind River Reservation in Wyoming to submit claims to the Court of Claims; with amendment (Rept. No. 1628). Referred to the Committee of the Whole House on the state of the Union.

Mr. DYER: Committee on the Judiciary. H. R. 8902. A bill to regulate, control, and safeguard the disbursement of Federal funds expended for the creation, construction, extension, repair, or ornamentation of any public building, highway, dam, excavation, dredging, drainage, or other construction project, and for other purposes; with amendment (Rept. No. 1629). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTION

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

LXVIII—40

By Mr. BOWLES: A bill (H. R. 15277) authorizing the Secretary of War to convey to the city of Springfield, Mass., certain parcels of land within the Springfield Armory Military Reservation, Mass., and for other purposes; to the Committee on Military Affairs.

By Mr. MORTON D. HULL: A bill (H. R. 15278) to amend section 4 of an act entitled "The Federal reserve act"; to the Committee on Banking and Currency.

Also, a bill (H. R. 15279) to amend an act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918, and to amend section 5153 and section 5190 of the Revised Statutes of the United States, and to amend section 9 of the Federal reserve act; to the Committee on Banking and Currency.

Also, a bill (H. R. 15280) to further amend the national banking laws and the Federal reserve act, and for other purposes; to the committee on banking and currency.

By Mr. HILL of Alabama: A bill (H. R. 15281) to increase the efficiency of the Military Establishment, and for other purposes; to the committee on Military affairs.

By Mr. KENDALL: A bill (H. R. 15282) granting the consent of Congress to the commissioners of Fayette and Washington Counties, Pa., to reconstruct the bridge across the Monongahela River at Belle Vernon, Fayette County, Pa.; to the committee on Interstate and Foreign Commerce.

By Mr. O'CONNOR of Louisiana: A bill (H. R. 15283) to amend section 563 of the act approved September 21, 1922, and known as the "tariff act of 1922"; to the Committee on Ways and Means.

By Mr. SMITH: A bill (H. R. 15284) to authorize the Secretary of the Interior to negotiate with irrigation districts, drainage districts, and water users' associations for release from obligation to construct drainage works and for corresponding reduction in contract obligations of such districts and associations; to the Committee on Irrigation and Reclamation.

Also, a bill (H. R. 15285) authorizing the Secretary of the Interior to employ engineers, economists, and other experts for consultation purposes on important engineering and farm development work on reclamation projects; to the Committee on Irrigation and Reclamation.

By Mr. CRAMTON: Resolution (H. Res. 340) providing for the printing of the report of investigation of St. Elizabeths Hospital by a special board of medical advisers to the Secretary of the Interior; to the Committee on Printing.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALDRICH: A bill (H. R. 15286) granting an increase of pension to Mary Elmira Pecor; to the Committee on Invalid Pensions.

By Mr. BLACK of New York: A bill (H. R. 15287) for the relief of Matthew D. Madigan; to the Committee on Military Affairs.

By Mr. BLOOM: A bill (H. R. 15288) for the relief of John Leo Bruckner; to the Committee on Naval Affairs.

By Mr. BRIGHAM: A bill (H. R. 15289) granting an increase of pension to Elizabeth H. Moore; to the Committee on Invalid Pensions.

By Mr. BURDICK: A bill (H. R. 15290) granting an increase of pension to Gertrude B. Noyes; to the Committee on Pensions.

Also, a bill (H. R. 15291) authorizing the President to appoint Capt. Reginald Rowan Belknap, United States Navy, retired, a rear admiral on the retired list of the Navy; to the Committee on Naval Affairs.

By Mr. CANFIELD: A bill (H. R. 15292) granting an increase of pension to Fannie H. Buchanan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15293) granting an increase of pension to Malissa McNulty; to the Committee on Pensions.

By Mr. CURRY: A bill (H. R. 15294) granting an increase of pension to Patrick Boland; to the Committee on Pensions.

By Mr. DENISON: A bill (H. R. 15295) granting an increase of pension to Modena W. Hawkins; to the Committee on Invalid Pensions.

By Mr. ENGLEBRIGHT: A bill (H. R. 15296) for the relief of J. A. Perry; to the Committee on Claims.

By Mr. ESTERLY: A bill (H. R. 15297) granting an increase of pension to Maria Roth; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15298) granting an increase of pension to Jennie S. Long; to the Committee on Invalid Pensions.

By Mr. FAIRCHILD: A bill (H. R. 15299) granting an increase of pension to Eliza Brotherton; to the Committee on Invalid Pensions.

By Mr. ROY G. FITZGERALD: A bill (H. R. 15300) granting an increase of pension to Susan A. Fuller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15301) granting a pension to Katherine Wert; to the Committee on Pensions.

By Mr. W. T. FITZGERALD: A bill (H. R. 15302) granting an increase of pension to Nancy E. Meeks; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15303) granting a pension to Sadie Waitman; to the Committee on Invalid Pensions.

By Mr. HALL of Indiana: A bill (H. R. 15304) granting a pension to Mary Shanks; to the Committee on Invalid Pensions.

By Mr. HASTINGS: A bill (H. R. 15305) for the relief of Ben Wagner; to the Committee on Claims.

By Mr. KUNZ: A bill (H. R. 15306) granting an increase of pension to James McDonough; to the Committee on Invalid Pensions.

By Mr. KURTZ: A bill (H. R. 15307) granting an increase of pension to Annie I. Latherow; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15308) granting an increase of pension to Fannie S. Gibboney; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15309) granting an increase of pension to Annie P. Boyles; to the Committee on Pensions.

Also, a bill (H. R. 15310) granting an increase of pension to Mary E. Gifford; to the Committee on Invalid Pensions.

By Mr. LEA of California: A bill (H. R. 15311) granting an increase of pension to George Sokoloff; to the Committee on Pensions.

By Mr. LEATHERWOOD: A bill (H. R. 15312) granting a pension to Emma E. Davis; to the Committee on Invalid Pensions.

By Mr. LINEBERGER: A bill (H. R. 15313) for the relief of Charles L. Chaffee; to the Committee on Military Affairs.

By Mr. McLEOD: A bill (H. R. 15314) granting an increase of pension to Gustav F. Breiter; to the Committee on Pensions.

By Mr. MARTIN of Massachusetts: A bill (H. R. 15315) granting an increase of pension to Fannie B. Melvin; to the Committee on Invalid Pensions.

By Mr. MEAD: A bill (H. R. 15316) granting a pension to Carrie E. Block; to the Committee on Invalid Pensions.

By Mr. MICHENER: A bill (H. R. 15317) granting a pension to Stella B. McDonald; to the Committee on Invalid Pensions.

By Mr. MOREHEAD: A bill (H. R. 15318) granting an increase of pension to Francis H. P. Showalter; to the Committee on Invalid Pensions.

By Mr. NELSON of Maine: A bill (H. R. 15319) granting an increase of pension to Eliza F. Withee; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15320) granting an increase of pension to Hattie E. Johnson; to the Committee on Invalid Pensions.

By Mr. PERKINS: A bill (H. R. 15321) for the relief of Charles H. Niehaus, sculptor, for losses in connection with Francis Scott Key memorial at Baltimore, Md.; to the Committee on Claims.

By Mr. ROBSION of Kentucky: A bill (H. R. 15322) granting an increase of pension to Litia Mills; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15323) granting an increase of pension to Martha E. Brittain; to the Committee on Invalid Pensions.

By Mr. ROMJUE: A bill (H. R. 15324) granting an increase of pension to Arriadne Stewart; to the Committee on Invalid Pensions.

By Mr. SCHAFER: A bill (H. R. 15325) granting an increase of pension to Mathew Baker; to the Committee on Pensions.

By Mr. SPEAKS: A bill (H. R. 15326) granting an increase of pension to Jane Ankrom; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15327) granting an increase of pension to Margaret Steadman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15328) granting an increase of pension to Martha J. Whitney; to the Committee on Invalid Pensions.

By Mr. STRONG of Kansas: A bill (H. R. 15329) granting an increase of pension to Thomas Pruett; to the Committee on Pensions.

Also, a bill (H. R. 15330) granting an increase of pension to Hannah Alstrum; to the Committee on Invalid Pensions.

By Mr. THATCHER: A bill (H. R. 15331) granting a pension to Charles S. Gatewood; to the Committee on Pensions.

By Mr. UNDERHILL: A bill (H. R. 15332) for the relief of John W. Reardon; to the Committee on Naval Affairs.

By Mr. VINSON of Kentucky: A bill (H. R. 15333) granting a pension to Amanda Refitt; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15334) granting a pension to Jesse P. Gaither; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4359. Petition of Florida State Chamber of Commerce, requesting Congress to repeal the Federal inheritance tax law; to the Committee on Ways and Means.

4360. By Mr. ARENTZ: Petition of Joint Committee of Truckee Meadow Water Users and Water Users of the Newlands Project, Nevada, calling for passage of legislation directing the Secretary of the Interior to make examination and report of available storage sites upon upper Truckee River basin; to the Committee on Irrigation and Reclamation.

4361. By Mr. CARTER of California: Petition by the California Pharmaceutical Association, indorsing House bill 11, the Kelly price standardization bill; to the Committee on Interstate and Foreign Commerce.

4362. By Mr. GALLIVAN: Petition of metal trades department, American Federation of Labor, A. J. Berres, secretary-treasurer, 400-403 American Federation of Labor Building, Washington, D. C., recommending a thorough investigation of the shipbuilding industry, in which public moneys are expended, with a view to eliminating discrimination against American trade unionists and other citizens, etc.; to the Committee on Labor.

4363. By Mr. IRWIN: Petition of the residents and voters of Waterloo, Ill., praying for the enactment of legislation at this session to increase the pensions of Civil War veterans and their widows and to remove the limitation on the date of marriage of Civil War widows; to the Committee on Invalid Pensions.

4364. By Mr. KELLY: Petition of Scandinavian Grand Lodge of I. O. G. T., in session assembled in Braddock, Pa., opposing the reduction of immigration from Scandinavian countries below those at present in force; to the Committee on Immigration and Naturalization.

4365. By Mr. LEA of California: Petition of 44 residents of Humboldt County, Calif., protesting against compulsory Sunday observance legislation; to the Committee on the District of Columbia.

4366. By Mr. LEAVITT: Petition of the Montana State Press Association, urging the United States Government to not compete with strictly private business organizations in the printing business; to the Committee on the Post Office and Post Roads.

4367. By Mr. O'CONNELL of New York: Petition of the Ohio Valley Improvement Association, affecting the improvement of the Ohio River; to the Committee on Rivers and Harbors.

4368. Also, petition of George Borgfeldt & Co., New York City, N. Y., favoring the passage of House bill 5025; to the Committee on Flood Control.

4369. Also, petition of the American Fruit and Vegetable Shippers Association of Chicago, Ill., favoring the reduction of the Federal corporation tax; to the Committee on Ways and Means.

SENATE

FRIDAY, December 17, 1926

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our heavenly Father, Lord of us all, we desire to come into Thy presence this morning confident of Thy graciousness. Grant unto us at this time such a sense of nearness to the things that make for peace and happiness so that our lives may be influenced only by those high motives which mean success in moral achievement. Hear us, we beseech Thee, Father. Be very precious to each life, and may the words of our mouth and the meditations of our hearts be acceptable in Thy sight, O Lord, our Redeemer. Amen.

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Wednesday, December 15, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

HOLIDAY RECESS

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had